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East Asia

FBIS-EAS-96-170-A
Friday
30 August 1996

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Daily Report
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APEC's ABAC To Focus on Issues for Business Development

BK3008070296 Manila PNA in English 0329 GMT 30 Aug 96

[Received via Internet]

[FBIS Transcribed Text] Manila, Aug. 27 (PNA) — The Asia-Pacific Economic Cooperation Business Advisory Council (ABAC) is set to discuss five key issues vital to enhancing uniformed growth among private businesses worldwide.

During its meeting in Honolulu last week, ABAC leaders have agreed to tackle common issues affecting business operation worldwide such as finance and investment, infrastructure, facilitation of cross-border flows, small and medium enterprises and human resources development, and the deepening of economic ties among member-nations.

ABAC Chair Roberto Romulo, concurrent chair of the Philippine Long Distance Telephone Company (PLDT), noted ABAC is on the way of building its way to the core of APEC, "that is making APEC a way of enhancing business conditions in the region to create prosperity in our economies."

The ABAC leaders are set to discuss their respective proposals on private sector development with APEC economic leaders in November 24 just before the leaders meet in Subic Bay on November 25-28.

Romulo said ABAC recommendations seek to enhance the dynamics of competitive liberalization that has been observed underway among APEC economies that have experienced growth and development from voluntary and unilateral measures of liberalization.

"We will invoke market rewards in support of market-oriented policies, programs, or projects that we recommend," he added.

The ABAC senior officials noted while APEC relies mainly on foreign investment and foreign trade, they are set to push for measures that would further promote liberalization of foreign investment.

Since all the road map of liberalization, facilitation of trade flows, and cooperation among APEC economies has already been set out in the Osaka Action Agenda by APEC leaders last year, ABAC officials are eyeing they will be able to move forward with the initial implementation of these plans during the Subic Bay meeting in November.

ABAC co-chair Minoru Murofushi, president and chief executive officer of Itochu Corporation of Japan, stressed "as APEC moves forward with implementation, the role of business will become even more vital to the success of APEC."

Davao APEC Ministers Meeting Ends on 'High Note'

BK3008092296 Manila BUSINESS WORLD in English 30 Aug 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Davao City — The Third Asia-Pacific Cooperation-Senior Officials Meeting (APEC-SOM) held in this city ended on a note that issues in the succeeding negotiations could be resolved.

APEC is an economic association of 18 economies with the objective of achieving full trade liberalization and facilitation by year 2010 for industrialized economies and 2020 for developing economies.

"Compared to the conclusion of the Cebu-SOM, the end of the Davao-SOM signals a much lighter but still hard work for everyone," said Foreign Affairs Undersecretary Federico Macaranas during the conclusion of the meeting late last week.

Mr. Macaranas said the future is bright for APEC but a few issues still need to be discussed by the senior officials during their meeting in Manila.

Thorough Discussion [subhead]

Among the subject matters that need thorough discussions and consensus are the areas on Information Technology Agreement (ITA) as well as some revisions of the Action Plans (IAPs).

Mr. Macaranas said most of the discussions are focused on these areas. Officials are hoping a consensus will be reached before the issues are presented to the economic leaders in November.

The technical aspects of the products under ITA will be the work of the committee on trade, he added.

Mr. Macaranas said that the Manila-SOM will make recommendations on the next steps to be taken on these issues. APEC ambassadors, he added, will further discuss information technology. "The first step is to really study the concept," he said. APEC senior officials are eyeing possible schemes that would bring down tariff rates of products under the ITA.

"Discussion on ITA were first proposed in the World Trade Organization (WTO) in which almost all APEC economies are members," another official said.

No Agreement

"There has been no agreement between the United States and the European countries on information technologies yet because the intent is to have this as a global initiative," he added.

APEC officials are discussing modalities on how to go about bringing down tariffs on all products that would fall under the ITA to zero.

"We are now looking into what products would fall under the agreement," he said.

He noted that ITA is not an APEC-only initiative but a WTO initiative. ITA, he added, is being discussed in APEC within the WTO context.

Member countries are currently identifying certain sectors that would hasten full trade liberalization and facilitation.

The ITA, the Philippine official said, is not yet as detailed to set target dates since it is just an initiative to reduce tariff rates to zero. However, talks have progressed well compared to the time when this issue was being discussed bilaterally.

Meanwhile, the APEC food task force has lined up a clear work program with the view of achieving data collection and analysis by October this year.

This was learned from Canada's John Curtis, chairman of APEC's economic committee.

Task Force

"The new task force on food is derived directly from the APEC leaders' initiative in Osaka, Japan where they asked for the immediate need to address long-term plans for food," Mr. Curtis said.

He said the economies of Australia and Japan, which co-chair the food task force, have agreed on a new work program.

Mr. Curtis added that members of the food task force have prioritized talks on food demand and supply, production, distribution and related products, food and environment and future trends.

The areas that were prioritized by the task force, he said, will be included in the economic committee's report to APEC leaders during their meeting in November.

Mr. Curtis said "to be included in my report are the importance of capital formation, labor markets, open markets for trade and investments, physical and social infrastructures and human resources development."

"The committee is also talking about the continuing prospect for growth in the Asia-Pacific region as well as the opportunities for lessening disparities," Mr. Curtis said.

He said the economic committee hopes to agree on the appropriate pricing and management of risk for better infrastructures that will create conditions for economic growth in the region.

Critical Economic Pressures Threatening Pacific States

*BK3008015096 Hong Kong AFP in English
2320 GMT 29 Aug 96*

[By Michael Field]

[FBIS Transcribed Text] MAJURO, Aug 30 (AFP) — Critical economic pressures are threatening development and living standards in many of the island member countries of the 16-nation South Pacific Forum, the group's secretary general, Ieremia Tabai, said here Friday.

He was opening a three-day officials' meeting here, part of 10 days of discussions that will include the forum's 27th annual summit next week.

Tabai, a former president of Kiribati, did not name the countries in critical condition but it is known Cook Islands, Federated States of Micronesia (FSM), Marshall Islands, Nauru, Solomons, Tuvalu and Vanuatu are in varying degrees of economic hardship.

The Cooks and Nauru have defaulted on major foreign debts this year.

Tabai said economic performance in the region "remains generally poor."

"The world trade and economic environment continues to change rapidly, and not necessarily to forum island countries' advantage.

"Real levels of external assistance continue to stagnate or fall," he said.

Official sources here say the forum meeting has an air of crisis about it, not only because of the sharpening economic problems of members but due to questions about the role and value of the forum itself.

The changing punctuation of the official theme, "Pacific Solidarity for the Common Good," reflects this.

Initially it had a question mark at the end. Marshalls President Amata Kabua, who will chair the forum, changed it to an exclamation mark, but it is now back to the question mark, implying, as one official said, "that this is the big review."

The forum secretariat is already undergoing a radical overhaul, with a sharply reduced budget and fewer staff. Further measures are expected to be taken in the coming days to prepare for more changes to the organisation.

Tabai told the opening session it was critical that the officials' committee focus more closely on economic issues, in particular on the advice it will tender leaders on how to push ahead with economic reform.

He said the secretariat had prepared an economic policy overview as well as important papers on tariff reforms and investment policy.

Marshalls Foreign Minister Phillip Muller told the opening meeting that experience had shown there are difficulties in nations with different priorities and viewpoints trying to work together.

"The (forum) theme suggests that we carefully examine those impeding mechanisms that are essentially internal to our own individual nations' development strategies, but which place undue constraints on our ability as nations to conduct more open relationships with one another," Muller said.

The forum annually brings together leaders from Australia, Cook Islands, FSM, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Solomons, Tonga, Tuvalu, Vanuatu and Western Samoa.

Thai Prime Minister Amnuai — Thailand To Lead Mekong Development

BK3008042396 Bangkok THE NATION in English 30 Aug 96 p A6

[Report by Rita Patiyasewi]

[FBIS Transcribed Text] The six Mekong River nations agreed yesterday that Thailand should play a leading role in promoting development cooperation in the basin region, Deputy Prime Minister Amnuai Wirawan said.

Cambodia, Laos, China, Burma and Vietnam supported Thailand's idea that the member countries should implement projects related to the communication, transportation, energy, tourism, human resources development, environment and aviation sectors, said Amnuai.

Thailand, Amnuai suggested, could serve as a centre for promoting such development as it had all these facilities already.

Amnuai said that the basin countries also supported his proposal to speed up the implementation of projects on the Mekong basin through a coordinating organisation in each member country. For instance, Thailand has its National Economic and Social Development Board (NESDB).

Returning from a meeting of the Mekong nations in Kunming, China, yesterday Amnuai said that the Asian Development Bank will play a supporting role in the technical assistance, financing and coordination with Japan, its Ministry of International Trade and Industry and the Association of Southeast Asian Nations.

In the initial stage of development, Mekong projects will need some Bt[baht]200 billion and some countries will face financial problems, thus cooperation was vital and Japan has agreed to give such assistance on a flexible basis, he said.

Each country, he said, must first identify its priority projects. Thailand, for example, wants to develop the East-West corridor project, a land route from Mae Sot to Rangoon in the west and Mukdahan to Vietnam, through Laos, in the east. All agreed that transportation and communication on land and in the air should be a priority and be developed within a ministerial framework.

Mekong Forum Tackles Challenge of Project Duplications

BK3008044096 Bangkok BANGKOK POST in English 30 Aug 96 p 5

[Report by Phanrawi Tansuphaphon]

[FBIS Transcribed Text] Me?ong countries have agreed to re-engineer their agencies charged with development of the subregion to fast track project implementation and avoid duplication, Foreign Minister Amnuai Wirawan said yesterday.

Speaking on arrival in Kunming, southern China for the ministerial economic conference of the Greater Mekong Sub-region (GMS), Mr. Amnuai said he had suggested that individual Mekong countries could enhance their agencies' efficiency through direct contact with their respective central governments.

To avoid duplication with existing development schemes in the Mekong basin, priorities should be set with countries implementing them independently rather than referring first to the forum, he said.

Mr. Amnuai said improving and facilitating land and air transportation should be one of their main priorities.

Ministers from Burma, Laos, Cambodia, China and Vietnam "agreed that we must seriously implement our regional development programme", said Mr. Amnuai.

The four-year-old ADB [Asia Development Bank]-Greater Mekong Development Programme faces the challenge of duplicating programmes from other emerging forums, including those from Japan and the Association of Southeast Asian Nations (ASEAN).

Mr Amnuai said the ADB could help draft a comprehensive strategy for the development of the Mekong basin, while ASEAN could contribute to its management, he said.

He added Thailand's priority was to promote the East-West Corridor from Rangoon through to Mukdahan and Vietnam, and air linkages between Kunming and Bangkok.

The foreign minister yesterday met Chinese Vice-Minister Chen Yaobang, who he quoted as saying China fully supported upgrading the land route from Kunming to Thailand, Burma and Laos.

EU Sanctions No Worry for Rangoon

BK3008041896 Bangkok BANGKOK POST in English 30 Aug 96 p 5

[Report by Anurat Maniphan from Kunming, Southern China]

[FBIS Transcribed Text] Burma yesterday expressed confidence that its export earnings would not suffer if the European Union (EU) finds the ruling regime guilty of using forced labour and removes the country's trading privileges.

"We can divert our markets to other places. I don't think it will affect us," said Brigadier-General David Abel, Minister of Planing and Economic Development.

The minister pointed to the Southeast Asian market comprising 500 million people, and noted that Burma was surrounded by a total of some 2.5 billion consumers.

The Korean conglomerate Daewoo, which has produced electronic goods and textile products in Burma for years, is expected to be hurt if the EU drops the country from the Generalised System of Preferences (GSP).

The study on forced labour is due to be submitted to the European Commission next month. If it finds the regime in Rangoon guilty, Burma's GSP privileges will be withdrawn.

General Abel refused to say whether Rangoon would respond to such a move by hitting back at European companies now active in Burma.

"It's too early to say anything," he said.

But the Burmese minister did indirectly admit that Rangoon was associating more with Asian groupings and cooperative arrangements to provide the country with an alternative.

"Myanmar [Burma] can survive on its own. We cut ourselves off from the world for 26 years," the minister said.

"In the sense of multinational trading systems, open trade, and things like that, Myanmar as (part of a) family of nations, is putting in its share, contributing. "Even if the West doesn't think so the East does, so we cooperate with the East."

General Abel heads the Burmese delegation to the ministerial conference on economic cooperation in the Greater Mekong Sub-region [GMS]. Representatives from Cambodia, China, Laos, Thailand and Vietnam, as the other five Mekong River countries, are also attending the GMS meeting convened by the Asian Development Rank.

The Burmese minister stressed that his country was taking part to uphold the "principle" of regional cooperation, and stability. "We are not talking about gains or losses; we are talking about principle," he said.

The minister said Burma was looking at two time frames to join the Association of Southeast Asian Nations: 1997 or 1998.

"A lot will depend on ASEAN," he added. Burma formally applied to join the grouping during Burmese Premier General Than Shwe's visit to Malaysia earlier this month. Malaysian Premier Mahathir Mohamed was quoted as saying at the time that he would like Burma to join in 1997. which coincides with ASEAN's 30th anniversary.

General Abel said General Than Shwe visited Malaysia, which last month took over the rotating year-long chairman of ASEAN, after being invited "a long time" ago.

General Than Shwe is yet to pay an official visit to Thailand, but Minister Abel noted that the former was in Bangkok last December to attend the summit of 10 Southeast Asian leaders: the ASEAN seven, plus Cambodia, Laos and Burma, which the grouping hopes will join by 2000.

General Abel maintained the Burmese economy was "still on the sunny side", although the growth rate this year is expected to drop to six percent from last year's 9.8 percent.

Asked to explain the expected drop, he said "we don't want to push to much". Burma looks to "long-teem sustainable growth", he added.

Japan

Japan: Hashimoto Wants 'Comprehensive Talks' With Okinawa Governor

OW2908130596 Tokyo KYODO in English 1247 GMT 29 Aug 96

[FBIS Transcribed Text] Kona, Hawaii, Aug. 28 KYODO — Japanese Prime Minister Ryutaro Hashimoto said Wednesday [28 October] he wants to have comprehensive talks with the governor of Okinawa on issues concerning U.S. military bases in the southernmost Japanese prefecture.

"I want to thoroughly discuss my feelings with Okinawa Gov. Masahide Ota concerning the prefecture's Sept. 8 referendum," Hashimoto said to reporters accompanying him on a five-nation Latin-American tour.

The referendum will be held on the advisability of reducing U.S. military bases in Okinawa and reviewing a bilateral agreement on the status of U.S. military personnel.

Hashimoto's comments indicated that in a possible Sept. 10 meeting with Ota he will explain plans to reduce and consolidate U.S. military facilities in the prefecture and policies to promote Okinawa's economic development.

He is also expected to ask for Ota's cooperation in acting as a proxy to continue the forced lease of land for U.S. military facilities in Okinawa.

On Wednesday, the Supreme Court ruled the government's expropriation of private land in Okinawa Prefecture for use by the U.S. military is constitutional.

The suit was brought to the high court on an appeal by Ota, who refused to act as a proxy and sign necessary documents to continue the forced lease of land for U.S. military use.

"I want to avoid having the political situation tied to the Okinawa issue," Hashimoto said. "The people of Okinawa are quite exhausted by the mainland people toying with the feelings of Okinawans."

Hashimoto is stopping in Hawaii at the conclusion of his Latin-American tour.

Japan: DFAB Head Urges Ota's Decision on Forced Land Leasing

OW3008064396 Naha RYUKYU SHIMPO in Japanese 30 Aug 96 Morning Edition p 2

[FBIS Translated Text] At an informal meeting with reporters on 29 August, Takehiko Shimaguchi, head of the Naha Defense Facilities Administration Bureau [DFAB], said the bureau would continue asking Okinawa Governor Masahide Ota to "make a swift decision" in response to the Supreme Court's ruling, in favor of the state, on the proxy signing dispute.

During the talks, Shimaguchi said: "The Supreme Court's decision concerns procedures (for assigning state functions to local authorities). Therefore, we do not think we won or lost the suit. We have never thought lightly of Okinawa's bases issue." He expressed the hope that Governor Ota would cooperate in acting as a proxy to continue the forced lease of land for U.S. bases, saying: "The governor faces two separate suits over legal procedures for the forced leasing of land. Also, the prefectural referendum on U.S. bases is approaching, so it will not be easy for him to make a quick decision but we hope to obtain the right to use land by 14 May of next year."

Referring to the strong opposition from concerned municipalities on the Japanese mainland to relocating U.S. live-fire drills from Okinawa to their towns, Shimaguchi noted that if the relocation was impossible, "the live-fire drills will remain in the prefecture." On Okinawa's demand that the Japan-U.S. Status of Forces Agreement be reviewed, he said: "At present, the central government can only improve the implementation of the pact."

Concerning the issue of constructing a new heliport for the relocation of Marine Corps Air Station [MCAS] Futenma, he said: "Normally, we do not say anything about the operations of the U.S. forces but we are currently discussing with the U.S. military (a plan to relocate MCAS Futenma to Kadena Air Base [KAB]). This is exceptional." In this way, he disclosed that Japan and the United States are continuing to study the relocation of MCAS Futenma to KAB.

Japan: Editorial on Supreme Court Overruling Ota

OW3008052196 Naha RYUKYU SHIMPO in Japanese 29 Aug 96 Morning Edition p 5

["Editorial": "The Supreme Court's Dubious Constitutional Sense: Ignorance of the Way the Security Treaty Operates"]

[FBIS Translated Text] The Supreme Court's Grand Bench has rejected an appeal by Governor Masahide Ota in a suit to uphold his decision not to act as a proxy for landlords and sign documents necessary for the forced lease of land to the U.S. military. The suit between the prime minister, representing the nation, and the governor had originally been filed to see whether the governor was allowed to refuse to sign the necessary documents for the forced lease of land to the U.S. military after the Naha Branch of the Fukuoka High

Court ruled the governor must sign in place of the landlords. The governor was unhappy with this ruling and appealed to the highest court. As can be seen from the text of the judgment and the supplementary views expressed by some judges, the Supreme Court showed the limits of its judiciary right to make rulings, did not go beyond a mention of legal proceedings, and regrettably failed to look at the operation of the Security Treaty, the Status of Forces Agreement and the Special Measures Law Regarding Lands for U.S. Troops Stationed in Japan, or at a solution to the military bases issue.

For 50 years since the Second World War, U.S. military bases have been a menace to the lives of the Okinawan people. Their life and property have been constantly subject to danger by damage inflicted by U.S. military exercises and crimes committed by U.S. servicemen. Vast expanse of military bases poses an obstruction to all phases of prefectural peoples' lives as well as the development of regional industries. Military bases constitute a threat to Okinawa's present and future as well. In this sort of situation can it be said that constitutional basic human rights and peoples' right to enjoy a healthy and cultural life are guaranteed? This was why Governor Ota, as the spokesman of the prefectural people, had wanted to appeal to the Supreme Court, the guardian of the constitution. It has been pointed out that the base problem in Okinawa exists as a result of perennial inertia and neglect on the part of politicians and administrators. It looks as though the court is becoming as rigid as the politicians and administrators when its work involves the security treaty and military bases, and it seems to lack any sense of acceptance of the spirit of the constitution.

Thoughtless Affirmation of National Policy

The judgment said that affirmation of the application of the Law on Special Measures Regarding Land Used By U.S. Forces Japan must take into consideration all sorts of factors, such as the international situation, whether it is vital to the nation's security and the maintenance of international peace and security in the Far East, whether the land is needed or not by troops stationed in Japan and the extent of such need, the extent of the possible burden to owners and damage to land forcefully leased to U.S. military bases and to residents in neighboring areas, and the possibility of providing alternative land.

It went on to claim that "as the matter requires specialized technical judgment of U.S. military bases, as well as political and diplomatic judgment, the policies and technicalities have to be left to the discretion of central government." Is that really so? As far as U.S. military bases in Okinawa are concerned, Japan, as a nation, has made mistakes in political and diplomatic judgment on many occasions. Beyond that, on the point about "specialized technical judgment," we tend to become dubious. In addition, has Japan not ridden on the U.S. track, for lack of a security policy of its own? If the nation had rendered appropriate political and diplomatic judgments suitable to the time, and energetically dealt with the settlement of Okinawa's base problems, there would never have never been today's confusion.

U.S. experts have long pointed out that it is possible to maintain the Japan-U.S. security arrangement and the security of the region even with a cut in the number of U.S. troops stationed in Okinawa, the relocation of U.S. troops in the Asia-Pacific region, the management of units and a review of the staging of operations.

As with other sectors of government, the Japan-U.S. security policy has long been considered a pillar of Japan's defense capability and no attempt has been made to examine such matters as the size of the total force stationed in Japan and the relocation of units, with politicians and administrators merely following the precedents. The present base problems in Okinawa are an inevitable consequence of that.

Judges must study harder than ever the realities of managing the Security Treaty. We do not like for them to glibly say that "as the matter requires specialized technical judgment of U.S. military bases, as well as political and diplomatic judgment, the policies and technicalities have to be left to the discretion of central government."

Let Us Reject Military Bases In Spite of the Court Ruling

The Supreme Court has, by chance, shown us the limits of judicial capability. If it had been faithful to the spirit of the constitutional, the Supreme Court would, in addition to legal procedures, have passed judgment on the way U.S. bases exist in Okinawa in violation of the constitution and on the realities of the Security Treaty, the Status of Forces Agreement, and the Special Measures Law Regarding Lands for U.S. Troops Stationed in Japan.

The Supreme Court pointed out in the text of its verdict that U.S. military bases are intensively concentrated in Okinawa Prefecture, that consequently the life of Okinawan people is affected by accidents caused by military exercises and the number of crimes committed by U.S. servicemen, and that little has been done to curtail and reduce the military bases, despite the fact they have become restrictive factors to regional development. The views of the Grand Bench judges and of those who live in Okinawa seems to differ on the issue of whether or not this situation violates the constitution and law.

The judgment was a long way from achieving what Governor Ota hoped when he said it would "put a period, in a sense, to the post-World War Two debate on the constitution, irrespective of the prefecture's victory or defeat." We want to cherish a belief that a multitude of Japanese people have come to understand, through this suit, what postwar life has been like for prefectural people who have had the U.S. military bases forced on them, and why they want the bases removed. Although the Supreme Court's judgment will affect other legal suits before the Naha Branch of the Fukuoka High Court on the issue of the signing of documents necessary for the continued forced lease of land to the U.S. military, we do not think that moves by prefectural people seeking the return of U.S. military bases will be hindered. This assumption is based on the fact that rising demands for the reduction of U.S. military bases and a review of the Japan-U.S. Status of Forces Agreement were touched off by that unfortunate incident in which a schoolgirl was raped by U.S. servicemen in September last year, and that citizens were awakened to the sense that their own future should be decided by themselves.

Irrespective of the content of the judgment, it remains the most important task of the prefectural administration that the lives and living of prefectural people should be protected and that attempts be made to solve the problem of U.S. military bases. A majority of the prefectural people support the governor's determination that "as we approach of the 21st century, I will expedite curtailment and reduction of U.S. military bases in the hope of building a military base-free and peaceful Okinawa where the young generation can aspire to hope."

Japan: Editorial Links Asian Security Dialogue to Base Issue

OW3008121796 Tokyo MAINICHI SHIMBUN in Japanese 29 Aug 96 Morning Edition p 5

[Editorial: "The Proxy Signing Lawsuit — How Should the Central Government Respond to the Okinawan Appeal?"]

[FBIS Translated Text] "The central government's response to the Okinawa issue will show to what extent Japan's democracy has developed." Regarding the issue of U.S. military bases in Okinawa, Masahide Ota, governor of Okinawa Prefecture, has long maintained this position.

Under Japan's democratic system, both the central government and the Diet might have left the U.S. military base issue untouched because they think it concerns only Okinawa. As long as this structure of central politics remains unchanged, no substantial solution will be found to the base issue, Ota claims. In a hearing at the Grand Bench of the Supreme Court, Ota asserted that "Okinawa is not a constitutional vacuum." He did so probably because he wanted to see the degree of Japan's democratic maturity through the trial.

The prefectural referendum on realignment and reduction of U.S. military bases and other issues, which will be officially announced on 29 August, has followed the governor's stance. The referendum is intended to question what the giant system called Japan-U.S. security arrangements ought to be, from the viewpoint of democracy and local autonomy.

The Supreme Court's Grand Bench pronounced a ruling in favor of the central government, and that is the truth. However, what is the most important at present is not to conclude that the issue has been settled but to work out true measures to resolve the Okinawa issue through cooperation between the central government and the general public, taking the opportunity of the Supreme Court ruling.

The Okinawa prefectural government has already compiled the Base Return Action Program, calling for an overall return of bases by the year 2015, the Cosmopolitan City Formation Concept, and the Okinawa Development Measures based on deregulation; and it has asked the central government for cooperation. The central government should earnestly implement what it can at first.

Among those programs, what should take priority is the realignment and reduction of U.S. military bases in Okinawa. The focal issue of returning the Marine Corps Air Station Futenma has now come to a deadlock, and there is growing dissatisfaction among the Okinawan people with the idea of "moving bases from one place to another" [kichi korogashi] within the prefecture. The plan to transfer the U.S. military's live-fire drills across Prefectural Highway 104 to mainland Japan also seems to be at a deadlock because of oppositions from local governments which have been chosen as alternative sites for the live-fire drills relocation.

We have maintained that all the people in Japan should seek ways of sharing the pain of the Okinawan people. At the same time, we have called on the central government to demand that the U.S. forces stationed in Japan be reduced and that the Marine Corps and other units be transferred to the United States. During a meeting with Koichi Kato, secretary general of the coalition-leading Liberal Democratic Party, Ota also mentioned the transfer of U.S. military units to Hawaii and Guam. We hope that the central government will have full-fledged negotiations with the U.S.

At the same time, the central government should have a more active dialogue on diplomacy and security in northeast Asia, including China and the DPRK (North Korea), to build a relationship of trust with various countries in the region. Although Southeast Asian nations have already opened a multilateral security dialogue at the ASEAN Regional Forum (ARF), northeast Asian nations have fallen behind in establishing a security dialogue framework. It may take time to produce results from the security dialogue. However, if the situation surrounding Japan becomes more stable and a relationship of trust deepens, we can expect it to have a good effect on realignment and reduction of U.S. military bases in Japan.

We propose that the central government and the Okinawa prefectural government cooperate in promoting such efforts toward an active security dialogue. Holding an international conference to that end is a good idea. This must conform with the vision of Okinawa Prefecture, which is trying to promote exchanges with various Asian countries to achieve peace.

As measures to promote the economy of Okinawa, the ruling coalition has decided on cutting air fares for flights between Okinawa and mainland Japan, expanding and developing the duty-free trade zone in Okinawa, and other plans. Although this is a step forward, there is certainly an impression that the ruling coalition is using easy tricks. It should positively discuss the Okinawan side's proposal of setting up a deregulation-oriented model district in Okinawa as well.

The central government must draw up a comprehensive blueprint for solving the base issue. This is the way to respond to the Okinawan appeal. The degree of Japan's democratic maturity is now being tested.

Japan: Hokkaido Village Notes Intention To Accept Live-Fire Drills

OW2908041596 Tokyo SANKEI SHIMBUN in Japanese 27 Aug 96 Morning Edition p 2

[FBIS Translated Text] On 26 August, Defense Agency Director- General Hideo Usui visited Hokkaido in a bid to seek understanding and cooperation for relocating live-fire drills in Okinawa to the Yausubetsu range in Bekkai-cho. Hokkaido Governor Tetsuya Hori was disappointed at the request, however, Bekkai-cho Mayor Rikizo Sano expressed his intention to conditionally accept drills.

On 19 August, Usui began a series of his visits to 15 towns in five concerned prefectures and relevant organizations. Among them, Shizuoka (site of the Higashifuji firing range), which has indicated that it will accept the drills if some conditions are met, has expressed opposition to Shizuoka becoming the sole site for the relocation. Oita (with the Hijudai range) has also refused to shoulder any more drills, claiming: "We have already accepted the Self-Defense Forces' [SDF] drills."

However, Mayor Sano said: "I will take down the opposition flag if all the problems, such as the concern of the town's people, are solved." Among heads of the five candidate sites, Sano was the first to indicate his intention to accept the relocation plan.

Most concerned municipalities, however, have expressed opposition to accepting the live-fire drills. To obtain their understanding, the central government intends to satisfy their demands as much as possible, by taking measures, for example, against noise pollution caused by the firing drills. Also, reducing the Ground Self-Defense Force's drills has surfaced as a task the government should tackle.

At a 26 August news conference at Kushiro Airport in Hokkaido, Usui said: "I apologize for our failure to take sufficient noise prevention measures (for areas near the firing ranges) up to this time. The government will work in earnest to solve this problem." In this way, he disclosed that the government would expand the areas subject to residential soundproofing. So far, such areas have been limited to those near SDF and U.S. forces' air bases.

Japan: Ikeda, Usui To Attend 'Two Plus Two' Security Meet 19 Sep

OW3008075396 Tokyo KYODO in English 0723 GMT 30 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 30 KYODO — Japan and the United States will hold a meeting of the ministerial-level security consultative committee in Washington on Sept. 19, Japan's Foreign Ministry and Defense Agency announced Friday.

The committee will discuss the gradual reduction of U.S. bases in Okinawa Prefecture and compile an interim report on the review of current guidelines, established in 1978, which lay down rules of joint response to direct invasion of Japan, they said.

Representing Japan at the so-called "two plus two" meeting will be Foreign Minister Yukihiko Ikeda and Defense Agency Director General Hideo Usui, while the U.S. side will be led by Secretary of State Warren Christopher and Secretary of Defense William Perry.

Japan: Yokota Air Base Holds More 'Touch and Go' Flight Training

OW2908074596 Tokyo KYODO in English
0731 GMT 29 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 29 KYODO — "Touch and go" flight training began Thursday for the third time this year at a U.S. air base in western Tokyo and will continue through Sept. 6, the U.S. military in Japan said.

The seven-day U.S. Navy Field Carrier Landing Practice is taking place at Yokota Air Base in and around the suburb of Fussa but will not be conducted Saturday and Sunday.

The touch and go exercises involve U.S. early warning planes such as the Grumman E-2C and transport planes from the aircraft carrier Independence.

Through an arrangement with Japan's Defense Facilities Administration Agency and local governments, U.S. training flights will take place from between 11 A.M. and 1 P.M., and from 6 P.M. through 9 P.M.

Residents of six cities and towns near the training area have demanded that the U.S. military not conduct the exercises. The last such training flights were conducted in April.

"The noise pollution generated by the air exercises causes a great deal of harm to the residents of this highly congested area. All previous exercises have had a detrimental impact on our lives," the residents said in a protest that was not answered by U.S. forces.

Japan: Defense Agency To Host Major Asian Defense Forum in Oct

OW3008064596 Tokyo ASAGUMO in Japanese
15 Aug 96 p 1

[Unattributed article]

[FBIS Translated Text] The Defense Agency has announced that it will host in Tokyo in late October the first "Forum for Asia-Pacific Regional Defense Officials" for defense officials (bureau director level) from area countries to discuss security issues. In order to promote regional confidence building, the DA so far has held talks with researchers, instructors, and middle-ranking military officials from throughout the region. However, this will be the first occasion in which the DA is to host a conference in which senior officials responsible for defense policy will meet for talks.

The DA, primarily the Defense Policy Division, is now coordinating with the countries involved on conference topics and participants. Officials from some 20 countries, including the members of the ASEAN Regional Forum (ARF), are to attend. Scheduled for the three days are announcements and discussions on international conditions and each nation's defense policies as well as visits to Self-Defense Forces [SDF] units.

The DA is making preparations for the conference based on the new National Defense Program Outline [NDPO] policy of "promoting on an ongoing basis security dialogues and defense exchanges and increasing relations of trust with those nations involved, including our nation's neighbors." If the conference succeeds, there is hope that it would provide the "place for exchanges among defense authorities" that the ARF hopes to have.

Japan: MOFA Official Holds Third Meeting With DPRK Counterpart

OW2908135396 Tokyo MAINICHI SHIMBUN
in Japanese 29 Aug 96 Morning Edition p 2

[FBIS Translated Text] Koro Bessho, director of the Northeast Asia Division under the Japanese Ministry of Foreign Affairs' [MOFA] Asian Affairs Bureau, and Yi Chol-chin, director of the DPRK (North Korea) Foreign Ministry's Japanese Affairs Department, held a meeting in Beijing on 28 August in a bid to resume negotiations to normalize diplomatic relations between the two countries. This was their third encounter this year, following meetings in March (in Beijing) and June (in Tokyo).

Japan and North Korea began diplomatic normalization talks in 1991, but the talks were suspended after the eighth round of negotiations in November 1992. Since then, Japan has sought resumption of the talks via ruling coalition party channels, but to no avail. Beginning this year, the two countries have continued to stay in touch with each other at the department-director level.

It is observed that at their latest meeting, the North Korean official requested early resumption of the Japanese-DPRK talks, while the Japanese official reiterated the Japanese Government's basic stance that the realization of the four-way talks among the ROK, the DPRK, the United States, and the PRC, as proposed by the ROK and United States, would have favorable effects on the resumption of the bilateral talks.

Japan: Fishery Talks With PRC End Without Conclusion

OW2908162796 Tokyo KYODO in English
1512 GMT 29 Aug 96

[FBIS Transcribed Text] Beijing, Aug. 29 KYODO — Japan and China remained apart in their fishery talks in Beijing on Thursday on how to set boundaries for their continental shelves and exclusive economic zones, Japanese government officials said.

The two nations, however, confirmed that they will review the current Sino-Japanese fishery pact and produce a new one, they said.

The two-day meeting, which ended Thursday, was the first bilateral talks since Japan and China ratified the U.N. Treaty of the Law of the Sea in July, they said.

During the talks, Japan insisted that boundaries be set halfway between the two countries in waters where Tokyo and Beijing are having confronting interests, but China rejected the demand, claiming that boundaries be set in consideration of the catches of each nation, the officials said.

They also remained far apart on the issue of ownership of the Senkaku Islands, called the Diaoyu Islands in China, in the East China Sea, the officials said.

Japan: Ikeda Scores 'Unexpected' Results in Middle East Tour

OW2908124696 Tokyo SANKEI SHIMBUN in Japanese 28 Aug 96 Morning Edition p 2

[By reporter Mie Sasaki]

[FBIS Translated Text] Jerusalem, 27 Aug — On the morning of 27 August (evening of 27 August, Japan time) Foreign Minister Yukihiko Ikeda, upon completing his tour of four Middle East countries, departed for Hong Kong, his next destination. The purpose of Ikeda's latest tour was for Japan to help boost the Middle East peace process which has seemingly slowed down after the inauguration of the Israeli administration of Prime Minister Binyamin Netanyahu and to serve as a mediator between Arab countries and Israel.

In his Israeli tour, Ikeda scored results that were "better than expected" (according to a source who accompanied Ikeda on the latter's tour). For example, he managed to draw comments from Netanyahu and Israeli Foreign Minister David Levi that were more positive than in the past toward their holding direct dialogue with Yasir 'Arafat, head of the Palestinian Government.

One of the reasons for Ikeda's tour is that due to the upcoming U.S. presidential election, the United States cannot be expected to play an active role in the Middle East peace process. In addition, while the Arab countries began expressing strong concerns over the Netanyahu administration's hammering out new deregulatory measures regarding [housing] constructions in [Jewish] settlements, the Israeli Government has also been seeking opportunities to resume negotiations with the Palestinian Government. It was because of such circumstances that Ikeda's tour drew much more public attention than initially expected, and this "fortunate miscalculation" (as stated by another source who accompanied Ikeda) has apparently led to the tour's success.

However, some observers say that "it cannot be denied that we received excessive praise" (according to a source who accompanied Ikeda) from Arab countries regarding their expectations over Japan's providing economic cooperation and Japanese firms' advancing into their markets and regarding Japan's further political roles, including Japan's acting as a mediator in the peace process.

The current situation, however, is that Japan "does not have as much capability as the United States to act as a mediator nor demonstrate acrobatic diplomacy" (according to a senior Foreign Ministry official). The growth in Japan's Official Development Assistance (ODA) spending has also diminished.

Japan: Hashimoto Returns Home After 5-Nation Tour

OW3008112796 Tokyo KYODO in English 1105 GMT 30 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 30 KYODO — Japanese Prime Minister Ryutaro Hashimoto returned to Tokyo on Friday night after winding up an 11-day five-nation Latin American tour and a brief stopover in Hawaii.

Hashimoto visited Mexico, Chile, Brazil, Peru and Costa Rica to confer with the heads of the those nations on a variety of issues.

Japan: Ikeda Returns Home From Middle East, Hong Kong

OW2908122896 Tokyo KYODO in English 1133 GMT 29 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 29 KYODO — Foreign Minister Yukihiko Ikeda returned to Japan on Thursday after visiting four Middle East countries and Hong Kong.

Ikeda traveled to Egypt, Syria, Jordan and Israel, where he met with top government officials to promote the Mideast peace process.

He was the first high-level Japanese Government official to visit the Middle East since former Prime Minister Tomiichi Murayama went to the region last September.

On his way home from the Middle East, he stopped over in Hong Kong and met acting Hong Kong Gov. Anson

Chan, who is chief secretary of the British colony's Executive Council.

Japan: Japan-ADB Dam Project Proposed for Laos Hits Snag

OW2908082496 Tokyo KYODO in English
0739 GMT 29 Aug 96

[FBIS Transcribed Text] Kunming, China, Aug. 29 KYODO — Plans by Japan and the Asian Development Bank (ADB) to co-finance a new hydropower project in Laos have run into difficulty following a call by nongovernmental organizations (NGO's) to delay the project until concerns over environmental consequences can be resolved.

ADB officials, gathered in Kunming, southwestern China, for a six-nation subregional development conference, said that last-minute objections raised by the International Rivers Network (IRN) and endorsed by other NGO's have upset the ADB board's plans to consider and possibly approve a loan for the Nam Leuk Hydropower Project on Thursday.

"It may be delayed for a week as a result of the NGO's allegations," said ADB Energy Division manager James Rockett.

Rockett was referring to the IRN's charge of "a clear conflict of interest" in the role of French engineering consultants Sogreah Ingenierie in assessing the extent of possible environmental impacts of the proposed 60-megawatt hydropower project in central Laos.

The IRN pointed out that Sogreah, which drew up the Nam Leuk environmental impact assessment report, has also been engaged for the detailed design stage of the project and is to receive more than 5 million dollars to supervise its construction.

It cited an expert opinion that Nam Leuk "will provide extremely negative environmental impacts that will result in ecological, sociological and economic damage to the region."

"The bank is looking into that criticism," said Rockett. "It'll take us a week or so to analyze the issue, respond to the NGO and then inform our board accordingly of our professional judgment on the merit or demerit of the NGO's assertion."

Rockett said the ADB would also ask the French consultant "to comment on the assertions made by the NGO's."

The IRN called on the ADB to delay approval of the proposed loan for the project pending completion of an environmental impact assessment written by independent and competent consultants and peer reviewed by competent scientists."

The projects calls for a rockfill dam and power station to be built about 85 kilometers north of the capital of Vientiane in the vicinity of the Nam Ngum Hydropower Station, which was built with two Japanese official loans provided in the mid-1970s.

It would involve diversion of the majority of the flow from the upper reaches of the Nam Leuk River and a tributary to the reservoir of the Nam Ngum Hydropower Station for generation of electricity.

The power output of the project would be used to displace energy that is presently imported from Thailand. After satisfying domestic demand, any excess energy available from the project would be exported to Thailand, earning foreign exchange for the Lao economy.

Japan and the ADB have agreed to each pick up some 40 percent of the projected 85 million dollar total cost of the project. It would be Japan's first official loan to Laos since the mid-1970s.

Japanese aid officials had earlier expressed satisfaction that the project, which involves a catchment area of 323 square km with a dam height of 45.5 meters, would pose no serious threat to the environment.

Japan: Record Low 2.6 Percent Rise in ODA Budget for FY97 Requested

OW2908104496 Tokyo KYODO in English
1011 GMT 29 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 29 KYODO — The Foreign Ministry will ask for 588.17 billion yen for its Official Development Assistance (ODA) budget for fiscal 1997, a record low 2.6 percent rise from the initial budget for the current year, ministry officials said Thursday.

ODA budget for fiscal 1997, beginning next April 1, is not allowed to rise by any more than 2.6 percent under a ceiling set by the Finance Ministry.

The 2.6 percent growth is smaller than a record low 3.5 percent gain registered in fiscal 1996.

Given its tight budget, the Foreign Ministry plans to concentrate on technology assistance and grants-in-aid, as well as contributing to solving such issues as health care, the environment, population, AIDS and education, the officials said.

Technology assistance through the semiofficial Japan International Cooperation Agency is to increase 4.5 billion yen, or 2.6 percent, to 180.2 billion yen, with grants-in-aid rising 4.4 billion yen, or 1.7 percent, to 264.6 billion yen, the officials said.

The grants-in-aid provision includes a 2.6-billion-yen new outlay to help with children's health.

As for foreign aid, the ministry also plans to increase research and appraisal of projects, step up cooperation with nongovernmental organizations and increase public relations for Japan's ODA activities, the officials said.

The Foreign Ministry's total budgetary request for fiscal 1997 will be 778.159 billion yen, an increase of 3.0 percent from the year before.

The non-ODA budget, totaling 189.99 billion yen, represents a 4.0 percent rise from the current year. It includes outlays for the ministry's requests to boost its staff by 190, mainly in overseas ministry offices, and establish a Japanese embassy in Croatia and a Japanese consulate-general in Denver, Colorado.

The ministry also wants to update its information and communication systems to link its embassies, consulates and other offices across the world, the officials said.

The ministry will submit the budget requests to the Finance Ministry on Friday.

Japan: Coalition Rules Out Review of Consumption Tax Hike

OW3008103296 Tokyo KYODO in English 1013 GMT 30 Aug 96

[FBIS Transcribed Text] Kochi, Japan, Aug. 30 KYODO — Top policy planners of the three ruling coalition parties said Friday they do not plan to reconsider a scheduled hike in the consumption tax next April.

Taku Yamasaki of the Liberal Democratic Party (LDP), Shigeru Ito of the Social Democratic Party and Kisaburo Tokai of New Party Sakigake, who head their respective parties' policy research councils, made the remarks in a joint press conference held in Kochi, western Japan.

The government has already decided to increase the tax to 5 percent from the present 3 percent.

A growing number of lawmakers from the LDP, the largest component of the coalition, are seeking suspension of the tax hike.

Shizuka Kamei, former transport minister and now head of the LDP's publicity department, said Sunday that his party may consider freezing the rate at 3 percent.

On Thursday, a group of some 50 younger LDP legislators, led by lower house member Toshikatsu Matsuoka, decided to urge the government to freeze the plan.

Japan: More LDP Lawmakers Seeking To Halt Consumption Tax Hike

OW2908123896 Tokyo KYODO in English 1158 GMT 29 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 29 KYODO — A growing number of lawmakers from the Liberal Democratic Party (LDP), the largest component of the tripartite ruling coalition, are seeking to suspend a scheduled hike in the consumption tax next April to 5 percent from the present 3 percent, LDP sources said Thursday.

Behind the move is speculation among LDP Diet members that the tax hike could have adverse effects on the slowly recovering economy and, more importantly for them, could make them unpopular in the next election for the House of Representatives, they said.

A group of some 50 younger LDP legislators, led by lower house member Toshikatsu Matsuoka, decided Thursday to urge the government to freeze the tax-hike plan and form a large-scale supplementary budget in an extraordinary Diet session in fall.

Meanwhile, about 40 LDP members, including former Home Affairs Minister Takashi Fukaya, decided Thursday to establish a new group early next month that will work to prevent the tax hike.

However, LDP Secretary General Koichi Kato has said, "Because the ruling coalition parties (LDP, the Social Democratic Party and New Party Sakigake) have agreed to raise the tax, it will be difficult to change the decision."

The revolt by some LDP lawmakers against the tax hike seems to be related to Shizuka Kamei, head of public relations of the LDP, who recently sought the tax-hike freeze and was criticized by LDP senior officials.

In Hiroshima, Kamei, former transport minister, said Thursday, "People who say my remarks about the tax are disgraceful cannot do politics because such people are bigoted. Though the tax hike has been decided, we can change the decision."

Japan: Ministries Compete for Special Development Funds

OW2908140196 Tokyo KYODO in English 1308 GMT 29 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 29 KYODO — Government agencies and ministries have maintained their usual sense of jurisdiction in submitting budget requests under a special appropriation of 300 billion yen for fiscal 1997 to finance projects expected to contribute to Japan's economic structural reform, Ministry of Finance sources said Thursday.

The construction, posts and telecommunications, and education ministries separately applied for budgets for their planned studies on multimedia systems to instantaneously exchange a large volume of images and sounds, the sources said.

The Health and Welfare ministry and the Science and Technology Agency are seeking separate appropriations to cover their brain-related study projects.

Among a few joint projects, the telecom ministry and the Ministry of International Trade and Industry applied for funding of their joint scheme to develop an automatic guiding system for automobiles on expressways.

Japan: Defense Agency Seeks Y4.99 Trillion Budget for FY97

OW3008094896 Tokyo KYODO in English 0835 GMT 30 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 30 KYODO — The Defense Agency on Friday requested 4.99 trillion yen [Y] for the defense budget in fiscal 1997, beginning next April 1, an increase of 2.88 percent from the initial budget for the current fiscal year.

The 2.88 percent rise, set in late July by the cabinet of Prime Minister Ryutaro Hashimoto as the ceiling on the fiscal 1997 defense budget, would constitute the biggest jump in the past five years if granted.

The rate of increase compares with 2.58 percent in fiscal 1996, 0.86 percent in 1995, 0.9 percent in fiscal 1994, 1.95 percent in 1993, and 3.8 percent in 1992.

The ceiling on the current fiscal 1996 defense budget was 2.9 percent, but the initial defense budget this year actually rose 2.58 percent to 4.85 trillion yen.

The agency is seeking a deferment of a 39 billion yen payment to contractors for military hardware it had earlier procured in a bid to make up for an increase of some 15 billion yen in training, material and other operating costs.

The fiscal 1997 defense budget gain would largely come from 1.85 trillion yen in payments for equipment bought previously but to be paid for in fiscal 1997, a 4.0 percent rise over the previous year's budget.

The proposed budget is also composed of 2.13 trillion yen for personnel expenditure, up 2.5 percent, and 1 trillion yen for other general expenses, a 1.5 percent increase.

In fiscal 1997, officials said the agency is seeking a 15.1 percent increase in front-line procurement spending to 961 billion yen, due to the yen's depreciation and a projected rise in the consumption tax.

Defense authorities plan to sign 827 billion yen worth of fresh contracts, a major part of which will be paid in fiscal 1998 or later, to procure front-line equipment such as tanks, fighters and warships, a 2.7 percent rise over contracts in fiscal 1996.

The planned purchase includes 11 155-mm howitzers, nine multiple launch rocket system units, 20 type 90 tanks for the ground self-defense force, two destroyers costing some 133.2 billion yen, a submarine, a minesweeper for the Maritime Self-Defense Force, and nine F-2 fighters costing 114.8 billion yen and 13 trainers for the Air Self-Defense Force.

Japan's host-nation support in fiscal 1997 for U.S. forces stationed in Japan would come to 274.81 billion yen, a 0.5 percent increase over the allocation for this in the current budget.

Costs to relocate some U.S. military bases in the southernmost Japanese prefecture of Okinawa will be studied when the government compiles its budget draft in December, based on budgetary requests from ministries and agencies.

Japan: Deposit Insurance Corp. To Accept 'Jusen' Liquidation Terms

OW2908144396 Tokyo KYODO in English 1404 GMT 29 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 29 KYODO — Deposit Insurance Corp. said Thursday it will accept conditions presented by the Finance Ministry to liquidate seven failed "jusen" housing loan companies.

The policy was announced by Noboru Matsuda, head of the safeguard Organization for Bank Depositors, at a news conference.

The Finance Ministry earlier presented specific conditions for implementing its jusen dissolution scheme to the parties concerned.

They are the seven housing loan companies, their creditor institutions, Deposit Insurance Corp., and Housing Loan Administration Corp., an entity created by the depositor safeguard body to recover loans made by the jusen companies.

Among these, Deposit Insurance Corp. is the first to express support for the ministry's dissolution terms.

However, it is uncertain whether the move will prompt other parties to agree to the conditions.

In particular, smaller regional banks have been strong opponents, saying terms for low-interest loans to Housing Loan Administration Corp. to finance its purchases of assets at the jusen favor farm-related lending institutions, the biggest jusen creditor group, too much.

At Thursday's press conference, Matsuda also said financial institutions are expected to make low-interest loans to the loan-recovery body around mid-November once all parties agree to the conditions presented by the ministry.

If such low-interest loans are made, Deposit Insurance Corp. will provide them with repayment guarantees, Matsuda said.

Japan: Article on Hashimoto in Fuji Bank Scandal

OW3008055796 Tokyo BUNGEI SHUNJU in Japanese Sep 96 pp 106-126

[Article by free-lance journalist Koei Kaga: "Prime Minister in Disgrace"]

[FBIS Translated Text] "Ms. Obana was sure that they were regular loans."

This remark made by Prime Minister Ryutaro Hashimoto is now coming back to haunt him.

Hashimoto became the 82d prime minister of Japan on 11 January 1996 at the young age of 59.

The political regime of 1955 had collapsed the year before and the Liberal Democratic Party [LDP] lived the bitter life of not being in power for 11 months. The LDP's gain of premiership using its "last card," Hashimoto, represented the party's strong desire to return to a single-party-led power by winning big at the nation's first general election to be held under the new single-seat constituency system — an election which is predicted to take place sometime in the fall.

With his handsome look, Hashimoto was the most popular person in the LDP. If the recent Diet session could be called the session of jusen [housing loan corporations] in which jusen was the central target of attacks and bombarding in a battlefield of debate, Hashimoto could be said to have dashed through the battlefield by ramming his bills through the Diet. He certainly looks so happy to onlookers now.

A political reporter said: "He certainly is beaming with happiness. He was in jolly spirits at the Lyons summit with a camera in one hand, acting so high-spirited so as to make people around him frown. On 7 July he went to his hometown for the first time since he was named prime minister. Accompanied by five top executive officials of the LDP, his homecoming was a march of triumph into his old hometown. There are now even speculations that he may turn out to be the longest-serving prime minister of Japan since Eisaku Sato [who was in office from 1964 to 1972].

There may be problems at home and abroad, but Hashimoto these days look like a man living in the springtime of his life. But the question is if he himself really feels that way. In fact, there are people (in the Prime Minister's Official Residence) who say:

"Actually, he has not been so well recently. He is so often in a manic and depressed state [so to utsu ga hageshii]. He looks rather unstable emotionally [josho fuantei kimi]. Some party people even express concerns he might have a health problem."

In fact, some magazines have dealt with the health problem of the prime minister. The health problem is always an Achilles' heel for politicians. But what I want to write about here is a different Achilles' heel for Hashimoto.

Achilles' Heel for Ryutaro Hashimoto

His other Achilles' heel is the problem of Toyoki Kobayashi, his former secretary who was known as Hashimoto's personal treasurer. Kobayashi, the former secretary, left Hashimoto for a reason which I will write about later in this article, but he now heads a supporter group for Hashimoto called "Tameike Club" which he himself founded in Chiyoda-ku, Tokyo, about two years ago. In other words, there is a continuing relationship between Hashimoto and Kobayashi.

When Hashimoto decided to run for the party presidency and premiership late last year, many around him spoke uneasily about the existence of Kobayashi, his former secretary. Some in fact spoke to Hashimoto openly about the problem. A party official recalled:

"Last September shortly before the LDP presidential election and again in January right after then Prime Minister Tomiichi Murayama announced his resignation, Seiroku Kajiyama and Hiromu Nonaka of the LDP asked Hashimoto about the problem of Kobayashi: 'Do you really think the case of Kobayashi has been cleared up? Tell us frankly about that matter.' But Hashimoto only made a perturbed face and did not open his mouth, thus not saying a word about the Kobayashi case."

On 8 January immediately after he was named prime minister, Hashimoto met with Yasuhiro Nakasone and a president of a construction company at a Japanese restaurant "Sazanka" at the Hotel New Otani. And at that meeting again, Hashimoto was asked: "Has the problem of Kobayashi been taken care?"

On the evening of 13 July, Sadao Hirano of the New Frontier Party [NFP], the man known for having so much information on things that happen inside political circles, was speaking with reporters who were close to him. Revealing "news in the LDP," he told his reporter friends: "Hashimoto and Kajiyama broke up because Hashimoto betrayed Kajiyama and sided with Koichi Kato (LDP general secretary). Hashimoto did that because Kato and his group made an issue of his former secretary Kobayashi. This episode took place in late April. Having learned about it later, Kajiyama blew his top, hollering, 'That stupid fool. If he was that kind of guy as to be tricked and scared into betraying his people by that kind of story, he certainly should not be in the office of prime minister'."

There may be the question of how credible Hirano's report is, but there is no doubt that everybody thinks Hashimoto's former secretary Kobayashi is his Achilles' heel.

The Kobayashi-involved scandal, "the truth of which can link the prime minister to it and thus can hit his heart" (according to an LDP staff official) was made known to the public on 25 July 1991. Called "Fuji Bank's loan fraud case" at that time, the scandal was first made public by the news media that morning.

Minoru Nakamura, section chief in charge of the Public Sales Group II at Fuji Bank Akasaka Branch, was learned to have forged certificates of deposit for several years and to have taken out loans from nonbank institutions, using the papers as collateral. He had supplied the illegally acquired funds to his so-called "bubble gentlemen" customers like presidents of real estate companies and presidents of resort development companies. Some two dozen nonbank institutions had been deceived by him into providing loans while the total number of loans provided by them ran to 128 worth 637.6 billion yen in aggregate total (as later learned).

Fuji Bank which had found out about the problem was proceeding with its internal investigation when the matter became public. The bank by then had taken over loans from the nonbank institutions but still had more than about 257 billion yen for which it could not secure collateral.

On the day the matter was made public by the news media, Fuji Bank brought to the Marunouchi Police Station a complaint against bank employee Nakamura for forging seals and documents, and for committing breach of trust. For a crime committed by a single bank employee, the amount involved was of fearsome scale, but the scandal failed to draw very high public attention when the news media ran reports on it. Around that time, there were scandals of similar nature in other banks, and besides, the newspapers were busy filling their front pages with stories on the so-called securities scandal, which was a much-talked about topic continuing from the previous month. The nation had its eyes and ears turned on the "scandal of securities firms compensating for losses incurred by their favorite customers in securities investments." What the people saw in their newspapers everyday were pictures of Hashimoto who looked like a man who had to eat a bitter-tasting bug over that scandal. Hashimoto was finance minister at that time.

Kobayashi Resigns as Secretary

It was on 3 August that the trail of the Fuji Bank loan fraud lead to the political world. Morning newspapers reported a fact which was important to Hashimoto.

The reports revealed that among the people who had received illicit loans from Nakamura, the bank employee, were Hashimoto's friend Mariko Obana, proprietress of the Tempura House Obana in Akasaka, whom his former secretary Kobayashi said was "very close" to Hashimoto, as well as some actors who were old acquaintances of Hashimoto.

And Kobayashi, then secretary to Hashimoto, was found to be the man who had introduced Nakamura to Obana and other friends of Hashimoto. In other words, the finance minister's personal "treasurer" was learned to have acted as a loan broker for people who were close to Hashimoto personally. The illicit loans made to Obana had amounted to about 1.3 billion yen in all.

Facts learned subsequently showed secretary Kobayashi had been much more deeply involved in the scandal than thought.

It was found that Nakamura, who was afraid his illicit dealings would be exposed if he were rotated out of his post, had asked Kobayashi in January 1991 to put pressure on the executives of Fuji Bank "not to reassign" him and that Kobayashi in fact had phoned a senior officer at the bank's main office to comply with his request. After this fact became known, Kobayashi had to tender his resignation to Hashimoto.

Following is a newspaper report made on Kobayashi's news conference at that time:

Kobayashi stood with his hands neatly on his thighs, and then made a deep bow as if he was cowering. He insisted he was clean, saying, "I had not known they (loans to Obana and others) were illicit," and "I did not receive rebates or any other kind of reimbursements."

When a reporter asked him if he made a phone call to Fuji Bank concerning Nakamura's reassignment at the latter's request, Kobayashi replied:

"There was no request from Nakamura himself. A manager of an entertainers' office asked me, saying: 'It is the time for rotation for Nakamura, but we wish he could stay in the position longer. He is helping us a lot.' I did not like the idea. But I had an opportunity to talk to the chief secretary of Fuji Bank by phone. So I used it as a chance to convey the story from the entertainers' office. I do not know anything about personnel matters. All that I did was to convey the message."

But Hirotaka Hirofuji, then executive director of Fuji Bank, who received the call from Kobayashi at that time, was reported by a newspaper to have said: "There was a call, but I declined his request. What he said was that he would appreciate it if Nakamura could stay in the branch office longer since he was obliged to Nakamura for his good service as a bank man."

There may be a little difference in nuance between what he said and what Kobayashi said. But it should not be necessary for me to explain why the finance minister's secretary would make a phone call to a bank personally.

As I will explain later on, Kobayashi's story that he was "asked by an entertainers' office" is a lie. Nakamura himself testified in a subsequent questioning that he "did ask Kobayashi." It can be called natural that Kobayashi should have been fired over this matter.

With Kobayashi's involvement having become apparent, the "Ad Hoc Committee Concerning Securities and Banking Issues" in its meeting at the Diet on 31 August 1991 poured questions on then Finance Minister Hashimoto on loans to Obana. One of the key questions was: "Did the restaurant proprietress take the loans, knowing they were illicit?"

Several people had been arrested as accomplices to the crime committed by Nakamura, and were found guilty by the court. They had been judged guilty because they had "received the funds, knowing they were illicit loans" or they had "sought the illicit loans."

If Obana had known the loans were illicit, she could be considered an accomplice too. And if that happened, Kobayashi, the former secretary to Hashimoto, could be questioned for involvement in the crime as well, and that could have been fatal to Hashimoto, the finance minister at the time, as a politician.

Questioned about the illicit loans to Obana at the Diet, Hashimoto gave his replies citing Obana and his former secretary Kobayashi as the sources of his information. And the main points of his replies were that "Ms. Obana provided to Mr. Nakamura a detailed list of real estate owned by her, and asked him to take collateral from her every time she applied for loans" and that "Ms. Obana was certain that the loans were legally provided by Fuji Bank. Later on, Fuji Bank verified the loans, and the two parties exchanged a formal contract. There is no problem."

Hashimoto in his reply also said:

"I would like to add one point here. Fuji Bank had not known about the fact that a deal had existed (with Obana). The bank learned about the (illicit) loans to Ms. Obana from her. She phoned Nakamura, the officer in charge of the Public Sales group at Fuji Bank Akasaka Branch, to inform him she wanted to return a part of her loans, but Nakamura was already gone from the bank by then, so she talked to a senior officer at the branch. The man could not understand what she was saying initially, and thought she wanted to make a new deposit. Only when he realized she indeed wanted to return a part of the loaned money, did Fuji Bank discover that Mr. Nakamura had made loans to Ms. Obana."

In short, what Hashimoto wanted to say was that Obana was "a well-intentioned third party." She applied for legally-available loans, but Nakamura gave illegally created loans to her. Since she had not known the loans were illicit, she told the bank she wanted to return a part of the money. Nor had Fuji Bank until then known that Obana had taken illicit loans. That was what the then finance minister said, and the people who interpellated him did not have any materials to refute his statements with.

All that the concerned officials said regarding the connection between Obana and the loan scandal was that "she made requests to Nakamura for loans to buy real estate, and Nakamura provided loans out of his illicit funds."

Thus, the Diet's questioning of the finance minister on his responsibility for the case ended in a half-baked way. After this, rumors went around saying Obana was Hashimoto's mistress. People thronged to Restaurant Obana at Akasaka to tease Obana though she never showed up.

In October of that year, Hashimoto resigned as finance minister over the securities scandal and over his former secretary Kobayashi's problem. Strange as it may look, on that same day, Taizo Shibata, chairman of Fuji Bank, retired into a consultant job as if taking responsibility for the fraud loan scandal. In fact, Fuji Bank announced disciplinary actions on a total of 27 bank officers on that day. The day before that, the Ministry of Finance [MOF] had conducted an on-the-site inspection of Fuji Bank though it revealed nothing new. All this marked an end to the problem within Fuji Bank itself and to the truth about illicit loans to Obana. Everything disappeared into darkness as did the proprietress.

An official concerned in the investigation recalled, "The people at the never had any intention of doing anything that could lead the case to Obana or Kobayashi or Hashimoto."

But was Obana really a "well-intentioned third party?" Around that time, Hashimoto was the highest ranking official of the MOF. Inasmuch as his own acquaintances were involved, he should have done more than he would have under normal circumstances in revealing the truth of the matter to public. But all that Hashimoto has said about the incident since it came out was to repeat saying: "Ms. Obana had not known." He did that in 1991, and did that this year when the NFP brought the matter back up at the jusen session of the Diet.

Five years have passed since the matter was first brought into the open. During that time, I have talked with the people involved in the case as well as in the investigation of it. In that process, I have succeeded in collecting some 80 documents which run to 5,000 pages in total length. They include statements by Nakamura himself and Fuji Bank's concerned officials plus the bank's internal records. The records and data, upon scrutiny, have revealed surprising facts which raised my suspicion about the case.

What have been known as facts regarding the loans to Obana, in which then-secretary Kobayashi acted as an intermediary, have been found to be altogether wrong. A rising suspicion is that all the people concerned including the injured party Fuji Bank and Hashimoto, then finance minister, covered up the truth in order to protect a woman.

The Fuji Bank fraud loan case, once called the "biggest banking scandal in postwar Japan," was the incident which prompted the problem of Japan's banking system to be debated for the first time since the end of war. The suspicion arose in me while reviewing the record of remarks made by Hashimoto at the Diet session which was trying to find who was accountable in the case. Hashimoto is now prime minister, and is talking about the need for stability of the banking system in the jusen session of the Diet. Over the jusen issue, the Diet is severely delving into the borrowers' accountability. If Hashimoto for any reason had defended Obana who was a borrower of the Fuji Bank illicit loans, or if he had neglected conducting proper supervision on Fuji Bank, he could be considered as having been involved in a crime too, and that should make people wonder if he is qualified to remain as prime minister.

Uncovering

"On 23 May 1991, the illicit dealings came out in the open. While I was out of my office, around 11:30 in the morning, my pager beeped. I called the Akasaka Branch office....

"The instruction was that I should 'come back to the office immediately'....

"Everything looked dark. But I suppressed the feeling of agitation, and acted coolly.... I lied, and managed to get out of the situation somehow at that time....

"But I could see that the illicit loans were about to be uncovered, and I felt my head shake. I did not know what to do."

These quotes are from statements made by Nakamura at the Investigation Section II of the Metropolitan Police Department's Criminal Investigation Bureau on 11 December 1991. If one reads the record of statements by Nakamura, he will see that the details as known about the case are substantially different in accuracy. For instance, Fuji Bank asserted that it was in early June 1991 that it came to learn about the illicit dealings by Nakamura. But the facts obviously are different.

First, I will recount the history of how the matter proceeded from the day of the illicit dealings were uncovered, based on the statements made by Nakamura, Fuji Bank officers, and other people concerned in the case. By doing that, I should be able to help readers visualize Fuji Bank's "cover-up operation" plan, which shows Fuji Bank, upon learning about the problem, had first quietly tried to deal with it internally and by itself. This should prove that Hashimoto, the then finance minister in charge of supervising banks, should have been held accountable for failing to make the matter public or at least for failing to attempt to make it public.

For the readers' information, I am giving below the names of some of the criminals who swindled several tens of billion yen out of nonbank institutions in complicity with Nakamura. They were arrested and received prison-term sentences as accomplices to the crime of providing illicit loans which Nakamura started in September 1987.

Akira Akagi: president of Marusho Kosan, known as the owner of discotheque "Turia," and the "Laton House Group" which sponsors the F1 auto-race event.

Michio Tejima: vice president of Tejima Transport, which used to be a forwarding and delivery company of YOMIURI SHIMBUN.

Toshikazu Hanada: president of Hokkaido Resort Development Company and Zennippan Company; an influential member of "Hokkaido Shoryukai," which is a supporters group for Hashimoto.

Masataka Takahashi: president of IOS Company, who made his name known by building a golf course named after Count Spencer, Prince Diana's father.

The story in which the names of these people appear here and there began to unfold at Fuji Bank Akasaka Branch manager's office on the morning of 24 May 1991, one day after the matter came to be known within Fuji Bank.

Nakamura was being questioned by the Akasaka Branch manager from early in the morning. The manager went after him: "Have you really returned them to the nonbanks?"

"Sure. I will get and show you the papers which prove they have been returned."

Once he was out of the manager's office, he ran to Akagi of Marusho Kosan who had been manipulating the illicit loan funds for him. Akagi's response was:

"Don't worry. Fuji Bank cannot let this out to the public. Probably the bank will decide to take over the loans."

"Ah, that could be possible," so thought Nakamura, but he could not free himself from the uneasiness.

He always thought that if he owned up to the fraud, he would not just end up being fired, but would be put into jail. And that was something he wanted to avoid by all means.

If repayment for a loan from one of the nonbanks was due, he borrowed from another nonbank to make the payment. That was the way he kept up with the illicit loans, but he was coming to an end of the run to keep his bicycle from falling.

Cover-up Operations

On 27 May, the first day of the following week, Nakamura took a day off from the bank under the false excuse of "not feeling well." He ran around in the morning to make more illicit borrowings here and there — for a total amount of 3 billion yen — in order to procure funds to repay the debts which were due that day. At noon, he called the manager of Fuji Bank Ichigadake Branch, who had been the manager of Akasaka Branch before being rotated out to that branch, to the office of president of Zennippan Company, intending to tell him about the fraud. He said: "I have made the mistake of giving out 20 billion yen's worth of illicit loans, and repayment for them is due in four days. What should I do?"

By then his irrecoverable loans had exceeded 200 billion yen, but Nakamura could not speak the truth. The manager of Ichigadake Branch responded: "You have no choice but to own up. I wish I could go with you, but I do not know the current manager of Akasaka Branch. You will have to do it by yourself."

Around 16:30, Nakamura went to Akasaka Branch to meet with deputy manager of the branch, but there again he could not speak the truth. An all-worn-out Nakamura returned home in Chiba around midnight. Then a phone call came from an officer of Fuji Bank who was an old acquaintance of his. The caller said: "Nakamura, it looks like you did it again. Can you really return the money?"

There was a reason he said "did it again." In February 1989, an illicit loan of 3 billion yen made by Nakamura had been in danger of being exposed. The matter was quietly quashed within the bank at that time, and the man who took the action to do it was this officer. Later on, after this loan fraud case was turned into a major topic of the news media, this matter of a 3 billion yen illicit loan came to light and that officer came under heavy criticism. Even Fuji Bank people lamented, saying, "Only if an appropriate action had been taken at that time." The officer, who had chosen to sit on the matter two years earlier, had since gone smoothly up the ladder of promotion, and was due for promotion to the rank of director at the time the scandal surfaced.

In reply to the question from his "benefactor," Nakamura said: "No problem, sir."

Then this officer responded: "Okay, you are a bad guy, but at least you have guts. I have told the Akasaka Branch manager not to worry. By the way, how are you doing with Mr. S's matter?"

This matter referred to a loan of 700 to 800 million yen to a certain Mr. S, in which the officer was involved. The borrower was in such a poor financial state as to have had difficulty paying interest on the loan. The officer took the chance to ask Nakamura to "take good care" of the borrower. Nakamura felt like clinging to the officer to help him out again. He wished the officer could help quash the matter within the bank once again.

Nakamura said: "Sure, I will take care of the matter."

The officer responded: "You will, right?"

Around 8:40 the next day, seeing the manager of Akasaka Branch leave his office, Nakamura ran to Marusho Kosan's office once again, and reported on the phone call from the Fuji Bank officer the previous night. Akagi replied:

"No problem. I also had a phone call around 8:30 this morning. There is no doubt that Fuji Bank will quash the matter internally."

That same day, Nakamura made another illicit borrowing in the amount of 2 billion yen. Three days later, he borrowed an additional 26 billion yen, resorting to illegal ways. But in the meantime, the bank's internal investigation was making progress. Everything about the illicit borrowings was being uncovered. He could not stand any more.

On 3 June, Mr. M (manager of Akasaka Branch) made a report on the bank office's Inspection and Audit Department (a statement by a Fuji Bank officer to Tokyo District Prosecutors Office on 14 April 1992)

On or around 6 June, it finally became clear how large the overall scale of Nakamura's illicit dealings were (a statement by the Akasaka Branch deputy manager to Tokyo District Prosecutors Office on 1 March 1993).

On 7 June, Nakamura left the Akasaka Branch office without asking for permission, and had a room reserved at Tokyo Prince Hotel through Hanada of Zennippan Company. The manager of Ichigaya Branch had been called there. And there, for the first time, Nakamura revealed almost everything of his dealings. Everybody was shocked. The Ichigaya Branch manager said: "If the loans are this big, even the bank cannot easily deal with the matter. What can the bank do? Have you secured collateral?"

Hanada, who was a borrower, said he had collateral, but then addressed Nakamura as if to make sure: "Let me tell you. I did not know [they were illicit loans]."

Nakamura disappeared after making the confession. Actually, upon leaving the hotel room, he flew to Aomori and checked in at a hotel near Mt. Hachigota. From there he phoned Takahashi at IOS Company, saying:

"I have told them everything. But where you are concerned, I have said it in such a way that you are supposed to know nothing."

Around 5:30 in the afternoon, a phone call came from the deputy manager of Akasaka Branch to this Takahashi. The former said to the latter: "I would like you to come to Marusho Kosan."

That meant Fuji Bank had started questioning the clients of illicit loans. When Takahashi showed up at Marusho Kosan to see the deputy manager of Akasaka Branch, he was requested to explain details of loans he had received from Nakamura.

Meanwhile, the senior officers of the bank found out Nakamura had disappeared, and were dismayed. That night, an emergency officers meeting was called, and the bank officers hastened to the main bank office. It was on that day the bank president learned about the outline of the scandal.

On 8 June, the following day, Takahashi of IOS Company met with the deputy manager of Akasaka Branch once again and discussed actions to take. A statement by Takahashi at Tokyo District Prosecutors Office of 22 February 1993 wrote:

"Fuji Bank people said to the effect that since the bank will take over the debts of the nonbanks, I should provide assets to be used as collateral, and I was told in no uncertain terms that there was no need for any of the two sides to talk about the matter."

Now about Nakamura.

Nakamura, who had stayed a night at a hotel near Mt. Hachikoda, went to his home town in Hokkaido the following day. It was to bid goodbye to his family. On 9 June, Nakamura returned to Tokyo by the first plane out. He had asked the manager of Ichigaya Branch to pick him up at the airport, and went directly to Fuji Bank Training Center in Chidagaya from the airport. He was then questioned by bank personnel in a state of confinement for more than 40 days.

Fuji Bank's investigation proceeded. On 10 June, the Akasaka Branch manager phoned Tejima, who was another beneficiary of illicit loans, and asked him to come to the Akasaka Branch office. To Tejima, who came to the branch office the following day, the Akasaka Branch manager said: "Nakamura has told us everything he knows. Now, will you tell me everything you know. It is safe to make oral statements. Things have come to pass. Please do not consider this as your personal matter. Please do your part for the cause of public trust in the bank. We certainly do not want a public issue made of this matter now."

In his statement to the Tokyo District Prosecutors Office on 24 February 1993, Tejima said of this meeting:

"I was given the impression that the bank was so concerned about how it would look to the public that it wanted to take the easiest way out because it was scared the fraud would come out in the open."

On 17 June, finally, Fuji Bank reported to the MOF on the general contents of the case. While proceeding to question Nakamura about details, the bank also sent its senior clerks to the loan users in order to secure collateral.

Fuji Bank Severely Criticized by the Judiciary

Then arose an unexpected situation in the very early hours of 25 July. It was learned that news media people who had heard stories about the scandal had come to Fuji Bank to verify the stories, and they were planning to report on them in the morning.

By that time, Nakamura had been removed to an apartment in Hotani belonging to Fuji Bank. A clerk of the bank's Personnel Department came to his apartment and asked him to sign some papers, saying he could not wait until the next morning "because the news media will get ahead of us."

Nakamura completed the process of being fired by 24 July (a day earlier than planned), and was told to wait for further instructions at his home, so he flew to Hokkaido.

That morning, the news media carried reports on the illicit loans by Fuji Bank. From the news reports, Nakamura learned that the bank had filed a lawsuit against him on a charge of committing a crime of extraordinary breach of trust.

That is the history of events that transpired from the time of uncovering of the fraud to the time of Nakamura being sued for violation of the Criminal Code. Later on, Nakamura was arrested and sentenced to 12 years of imprisonment. He is still in jail.

But if one reviews this history, the actions of Fuji Bank are difficult to understand. One will come to wonder why the Akasaka Branch manager and other bank officers, upon learning about the fraud, tried to deal with the problem secretly, not talking outside of the bank? If the senior officer who had once covered up Nakamura's earlier act of fraud moved quickly to take appropriate actions, the bank should at least have been able to stop the expansion of damages after that date.

Furthermore, by 3 June, the main bank office had found out about the fraud, and by 7 June, even the bank president had been made aware of it. But even after that, the officers of the Akasaka Branch office were said to have suggested to Takahashi and Tejima that they keep the matter secret, saying the bank wanted to deal with it by itself, quietly. It is difficult to think the officers could have made such a suggestion without the approval of the top level managers.

In addition, since the day the matter came into the open, Fuji Bank has kept on saying: "We filed a lawsuit against Nakamura upon learning about the whole picture of what had happened. The lawsuit was filed on that day as had been initially planned." But the facts of what happened make it impossible for me to think in any other way than that which suggests the bank hastened to take the disciplinary action of firing Nakamura and filing a lawsuit against him, only after learning that the newspaper reports were forthcoming.

There is only one conclusion that can be drawn from all this: Upon learning about the fraud, Fuji Bank conducted a cover-up operation as the action of an organization attempting to deal with a matter quietly within itself.

Actually, this point was also something the judicial authorities understood as a fact. The ruling on Takahashi by the Tokyo District Court on 2 November 1994 declared:

"The high-level officers of Fuji Bank, upon learning about some of the illicit loans, at first tried to resolve the problem by papering over it without bringing it into the open as the bank was so concerned about public damage of the bank's reputation. Such an act of belittling the public nature of the functions of banking institutions cannot escape public condemnation. Even worse, this action by the bank enabled Nakamura and others to keep on committing the same kind of crimes, thus inviting the situation of further expanding damages to the bank. The court must say the bank cannot escape from even more serious social criticisms as a result of it."

The ruling on Tejima handed out by the Tokyo District Court on 31 January 1996 made a similar remark on the bank's action.

This means a number of judges not only made a clear note of Fuji Bank's cover-up operations, but also severely denounced Fuji Bank for failing in its social obligations.

Hashimoto should have taken supervisory responsibility for this situation.

Now there arises a question: How did Nakamura, the culprit in this astounding banking crime, get to know Kobayashi, then secretary to Hashimoto and Obana?

Nakamura, born in 1953, is 43 years old this year. He started to work for Fuji Bank in 1971 upon graduation from a commercial high school in Hokkaido. He was small but stout. He was the kind of man whose smile made people feel friendly to him. He ran around from 8:00 in the morning to 10:00 in the evening. On Sundays he made rounds of his customers' houses, taking the hand of his child, to solicit deposits in his bank.

In May 1986, he was promoted to the grade of section chief, an officer. He was the first to make that grade among the colleagues who started their career in the bank together. Upon promotion, he was transferred to the Akasaka Branch office, the place which will later turn into the central stage of the fraud drama. In races for highest amounts of regular deposits among members of all the public sales departments of Fuji Bank, he ranked always within the top five of the group. The Akasaka Branch office awarded him good performance commendations one after another. In a banking world where the people said "high school graduates can never succeed," he was an exception among exceptions.

But that man changed all of a sudden on 5 September 1987. He gave out the first illicit loan of 2 billion yen to Marusho Kosan on that day. He then went on giving out illicit loans until 5 June 1991. Rebates he received for his service amounted to 160 million yen in cash. The man who used to wear only ready-made suits soon "was wearing higher-class suits tailored in Ginza shops with a 1-million-yen Rolex watch on his wrist and was going around painting the streets of Ginza red in hired sedans."

Nakamura's fraud techniques using nonbanks as prey were very bold techniques which took advantage of the "cooperative deposit [kyoryoku yokin]" system.

Banks were in a period of fierce profit-gain competition, stirred up by the wave of the bubble economy, and they liked to use this system to collect charges on such bank-provided services as those rendered in brokering sales of real estate. This is how the system worked:

First, a bank would introduce a loan-seeking client to a nonbank. Then, the bank would ask this client to deposit all the borrowed money in the bank for a definite period of time. The bank would then operate this fund to make profits for itself. The nonbank will receive from the bank a certificate of deposit as collateral. The bank would receive from the client a pledged agreement promising not to take the money out from the bank during that agreed period of time. In other words, it was a system that assured the nonbanks of retrieving their loans after certain periods of time. The nonbanks had the interest on the loans prepaid. The system was supposed to "benefit all three parties equally" including the banks and the nonbanks.

What Nakamura did was fabricate the certificates of deposit and pledged agreements required in this system. He drew into his scheme a deputy section chief (found guilty later) at Akasaka Branch who handled computers, and had certificates of deposit forged. The nonbanks naturally trusted the bank, and were easily deceived. Among those who used money so created was Obana, the proprietress of the Tempura restaurant, who had been introduced to Nakamura by the finance minister's secretary.

Now, can we say Obana was really "a well-intentioned third party" who had thought the loans from Nakamura were regular loans?

"A Woman Who Could Be the Subject of a Novel"

The issue of the Fuji Bank loan fraud was brought up again at the lower house Budget Committee session this year. The man who stood up to question Hashimoto on 26 February was Keiwa Okuda (of the NFP), a former colleague of Hashimoto in the old Keiseikai faction [of the LDP]. Okuda in his question said:

"Ms. Obana and your former secretary Kobayashi said they had not known the loans were illicit. Are you, Mr. Prime Minister, accepting these stories as accurate? There is no doubt they are all lies."

Then Okuda raised his voice, adding (what follows is a summary of what he said):

"Ms. Obana has a lot of assets. She is a rich woman. The story about her life beginning with her birth in Kobe is dramatic indeed. She is a woman who could be the subject of a novel. If she really had not known they were illicit loans, that could mean someone else had used her account to channel the money created by Nakamura.

"She paid back 300 million yen in debts by selling her assets in Meguro shortly before the fraud came into the open. It is possible to suspect that her remaining debts are actually Kobayashi's debts. Kobayashi could have received the money and some of it might have flowed to you, though I certainly hope that is not the case. I request the Diet summon Kobayashi and Obana for questioning as witnesses, and also to send representatives to jail to question Hanada and Nakamura, the former bank officers, in this regard."

Heckling came from the seats of ruling party members. In the end, his demand for summoning Kobayashi and Obana for questioning was not accepted, rejected strongly by the ruling parties.

But the face of Hashimoto, who had looked unconcerned and even smiling until just before then, turned pale and his hand was shaking slightly.

Obana was born in Nagata-ku, Kobe, Hyogo Prefecture in 1947.

She is a person who never talks about her past life.

The Obanas have their family graves in Suma, and a tombstone there notes that she has three brothers, and her parents are deceased.

She is reported to have confided to a man with whom she once lived that she "grew up poor in childhood." She is said to have said nothing beyond that.

Later in her life, she lived with a 10-carat-diamond ring on her finger. The story of Obana, who has been called "one of the five most beautiful proprietresses in Ginza," began in the Ginza.

She began her career at Osaka's prestige club "Jun" but came to Tokyo when she was barely 20. She arrived at "Jun" in Tokyo which was one of the best known higher-society clubs in Ginza. It was a club frequented by prominent top businessmen as well as such top politicians as prime ministers Nobusuke Kishi, Kakuei Tanaka, and Hiroyasu Nakasone.

From there, she moved to "Hime" and then to "Hanabata," and finally opened a shop of her own, "Silverstar" at 7-chome, Ginza, around 1979. It was a small shop of about 12 to 13 tsubo [40 to 43 square meters] in floor space, but still was the realization of a long-cherished dream.

Obana's "weapon," undoubtedly, was her appearance. Oval-shaped, her face had clearly defined eyes and nose. She was a beauty with a little icy look.

Customers coming to the "Silverstar" could be said to be coming there to see her. Among the steady customers were executives of upscale department stores, the president of a pharmaceutical company, and the late Kenji Osano who collapsed amidst flurries over the so-called Lockheed bribery scandal.

Another customer was Masaaki Nakayama, former minister of posts and telecommunications, who was thought to have known her from her days in Osaka. Nakayama always showed up with Koichi Hamada, who was his playmate at Ginza. Obana used to say: "I like a Mr. Nakayama-type of man." Nakayama did not look unhappy to hear the praise.

Now and then Hashimoto also came to the place. Hashimoto initially belonged to the group who preferred Roppongi. A political reporter said:

"He has long made Roppongi his place to fool around. Around 1983 and 1984 when he was chairman of the LDP Research Commission on Public Administration and Finances and shortly before he was named minister of transport, he was often seen walking the streets of Roppongi. He wore a navy blue jacket with a picture of a dragon embroidered on the back, and carried paperback pocket books in one of his hands."

Why would Hashimoto have shown up at the small shop of Obana's if he had not liked Obana herself?

But then suddenly, Obana closed the "Silverstar" and opened the Tempura Restaurant "Obana" in Akasaka.

Interviews with people who knew her in those days reveal that Obana had a strange trait.

A former employee at the restaurant "Obana" recalled: "She would not pay the bills if they were not due immediately. So she often failed to pay phone bills or taxes on time, which resulted in phone service for the shop being suspended or the shop receiving reminders from the tax offices." Her mother, while alive, was heard complaining to people around her: "That child is too strict about money."

But, on the other hand, she was apparently very much fired up in the business of buying and selling real estate. A transcript of the real estate register provides a picture of how her real estate assets went on growing:

She bought an apartment at Roppongi when she was 25-years-old. She bought an apartment at Sanda, Minato-ku, when she was 30, and an apartment at Takawa, Minato-ku, when she was 33. The last apartment is known as the house where Momoe Yamaguchi and Tomokazu Miura [actress-sportsman couple] lived after they got married.

Obana bought a piece of land at Nakane, Meguro-ku, when she was 36 and built a house there the following year. She bought land in Shirakane, Minato-ku, when she was 38, and bought apartments in Urayasu, Tenen Choho, and Hiyoshi of Kanagawa, two years later. The following year, she built a three-storied building on the land she had bought in Shirakane, and bought an apartment at Koji-machi, Chiyoda-ku. When she was 42, she bought a single house at Shinano- machi, Shinjuku-ku, and won the surface rights over it. In the following year, she bought a villa at Hakone. When she was 44, she bought a palatial residence at Hiroo, Minato-ku. She is known to have also been involved in the business of buying and selling real estate assets overseas during that time.

All the assets she dealt in were only those of upscale land. She bought at the rate of one a year. It is easy to see she did not buy it for her own use, but for investment. A study of the register book reveals how she financed the investment.

She obtained loans by offering her existing real estate assets as collateral, and then used the borrowed money to buy more assets. Often, she found some banks which would provide loans at lower rates than those available at banks she was using. Then she would transfer her loans to these banks. In order to secure and manipulate her funds, she is learned to have dealt with more than 20 financial institutions including banks and nonbanks. And she did not hesitate to repeat the complicated process of financial management in order to continue with her business of buying and selling real estate assets.

In short, she was a "real estate driver."

Obana, when she was 38, started to manipulate several real estate assets simultaneously. It was shortly after the Plaza accord came into effect in 1985. The accord rushed Japan into a bubble economy, driving up the Nikkei average stock price to 38,915 yen by the end of

1989. Obana was one of those who rode on the wave of the bubble. An official in a Tokyo bank recalled:

"Once the bubble economy started, the functions of banks changed. Previously, the banks' functions were collecting deposits, but the bubble economy meant the banks needed to be concerned in making profits rather than in gaining deposits. The yen value shot up and the financial market opened up. Loan interest rates slumped to record low levels and there was plenty of money in the market. Profit runners were real estate and stock businesses, and loans flowed into them. If the banks found it difficult, bound by bank rules, to provide all the money the customers desired, the banks made the loans in a roundabout way by using the nonbanks as an intermediary. It was a time when the banks let the funds flow into the real estate business aplenty."

But the too-far-gone profitability also meant a hard time for bank employees. The bank official continued:

"The main bank office set profit goals for all the branch offices, and work quotas for branch office employees were set based on these goals. If an employee failed to do his or her quota of work, that was bound to have an impact on the person's pay raise or promotion. Branch office managers were also frantic to meet the goals, but did not hesitate to close their eyes to minor problems. The idea of the cooperative deposit system using nonbanks emerged amidst that situation. The profit targets assigned to the branch offices were so high as to make it impossible for them to meet them unless they used the cooperative deposits of about 10 billion yen. That is how they got themselves involved in that. They, in fact, did anything they could if it would help them raise profits.

Then the Total Volume Control Started to Work

Nakamura of Fuji Bank was one of those bank employees. So was Akinori Yamashita (a former Sumitomo Bank Aobadai Branch manager; indicted on a charge of violating the Investment Law; now appealing to the higher court). Yamashita clearly remembers something that happened on a day in June 1990 shortly after the government started its fiscal belt-tightening policy.

He was drinking sake and eating tempura fish with a junior bank branch manager on a counter on the first floor of the dwelling-house-type restaurant "Obana." Then, the proprietress who was sitting on the other side of the counter started talking to his colleague.

"You see, I want to sell an apartment in Koji-machi. Could you help me sell it?"

"What kind of property is it?"

"It should be worth 300 million yen. Would any of your customers be interested in buying it?"

Yamashita, who was listening to the exchange between the two, was impressed. He could tell she was a "shrewd player."

Yamashita told me: "An ordinary person would never mention the specific figure — 300 million yen. An ordinary person would simply ask the man to find out at what price the asset could be sold. That short conversation revealed how well informed she was in the buying and selling of real estate assets."

Around that time, Obana already was an acquaintance of Nakamura. Kobayashi had introduced her to him.

Nakamura had met with former secretary Kobayashi at a party hosted by Hashimoto's supporters' group "Hokkaido Shoryukai" early in 1990. He was given a name card from the finance minister's secretary and was asked to "come to the office for a chat."

Nakamura's written statement at the Tokyo Prosecutors Office on 27 March 1972 said: "In early 1990, the economy started to look so shaky as to make us wonder about its future. But I believed in the stories of the illicit loan clients on making big money, and continued to think I should be able to pay back the illicit funds.... But in the latter half of the year, prices of stocks and land began falling. Around November, the government measures of total loan volume control [soryo kisei] started to have effects, and it became increasingly difficult to replace illicit loans with regular loans. And I started to worry about the prospect of the whole thing coming out in the open."

It is not so difficult to imagine how happy Nakamura must have been when he met Kobayashi. No doubt, Nakamura, so afraid of the matter being uncovered, thought his getting to know the finance minister's secretary could be a help.

His statement at the Tokyo District Prosecutors Office on 27 March 1992 said: "As I was scared about the matter being discovered, one of the things I did was to ask secretary Kobayashi to speak to senior officers of the bank so that I would not get rotated out."

Indeed, Nakamura was known to have told the people of nonbanks proudly: "Minister Hashimoto and I are on the same wavelength. I get all kinds of information before other people."

It was in mid-March 1990 that Nakamura phoned Hashimoto's office in Koji-machi, Tokyo, and made his first visit to the office. While talking to Nakamura at Hashimoto's office, Kobayashi said:

"There is a restaurant proprietress the minister is associated with. Could you meet and advise her on the matter of financing?"

In other words, Hashimoto's personal office was the stage where the drama of Kobayashi mediating for Obana — which would start the supply of illicit loans to Obana — was played. This fact has been so far kept covered up. But now that this has been made clear, Hashimoto should be subject to new questioning on his personal responsibility in the case.

Subsequently, Nakamura went to see Obana. What Obana wanted to do was to replace an existing debt from a bank with a loan available at a lower rate.

In the one-year period from June 1990 to May 1991, or shortly before the fraud was discovered within Fuji Bank, Nakamura made a number of illicit loans — running to some 1.3 billion yen in all — to Obana, a close friend of the finance minister.

By the time Obana came to know Nakamura, Hashimoto, who by then was finance minister, had already used the restaurant "Obana" on several occasions like informal meetings with reporters.

Normally, the meetings were held in a drawing room on the second floor. Food dishes were brought in by Obana one by one. Once, Hashimoto was in a good mood, with Japanese sake in his hand, in one of these meetings. A reporter asked him:

"Now will you tell us about Prime Minister Kaifu?"

Hashimoto (talking as if in mockery): "His tongue moves before he can think."

When asked about the Japan-U.S. structural talks, he proudly said: "(Treasury Secretary) Brady understands what I am thinking."

Apparently, he did not have an inkling of what reporters covering the MOF thought of him. A reporter told me: "He did not know how sensitively his remarks affect the financial market. He once said, 'I don't like the condition of the high yen,' and was harshly chastised by former Prime Minister Noboru Takeshita for making the remark. Takzeshita warned him: 'A finance minister should not say things like that.' He was an unthinking finance minister who could not talk about the economy without his emotion becoming involved."

After the fraud came to the fore, the "political fund account report" filed by Hashimoto's political groups in 1990 became a topic of discussion. The report contained details of payment made to "Obana" in the name of "holding a meeting over a meal."

An individual who used to work for the restaurant "Obana" recalled: "The 'Obana' was a place where it would cost 20,000 to 30,000 yen for a person to dine. But actually the price was set each time by the proprietress upon seeing who the guests were, as is the practice in clubs in the Ginza."

The amount of money paid to the "Obana" by Hashimoto's two political organizations during the period from March to December 1990 totalled 2,990,000 yen for 11 different events. Each event there cost about 200,000 yen, though it ran up to 740,000 yen once.

After the fraud came out in the open, Hashimoto asserted he used the place "once or twice a year," but the records show it was clear that either Hashimoto or the people of his office used the restaurant at the rate of once a month throughout the year.

While there were a large number of Hashimoto-associated political organizations, two of them were found to have made payments to the "Obana."

One was the "New Political Issue Research Club" and the other was the "Welfare Economy Research Club." They were the two most representative political groups which supported Hashimoto. The former raised a total of about 420 million, and the latter about 184 million yen in political funds for Hashimoto in 1990.

Around that time, the former was being represented by Kobayashi, the secretary to Hashimoto, and the latter by a certain Mitsukuni Okura, who is still the head of it. Now, if one takes a look at the registration filed with the Home Affairs Ministry, he will find a surprising fact.

According to it, the two groups are at different addresses, but their phone numbers are the same.

Inquiries have revealed that the "New Political Issue Research Club" had been located within secretary Kobayashi's office at Nerima-ku before the fraud became public, while the phone number for it had been that of Chiyoda-ku. In other words, its phone number was that of Hashimoto's office at Koji-machi.

The "Welfare Economy Research Club," around the time the fraud case came into the open, had and still has it address at a place near Meguro Station. Its phone number is that of the Koji-machi office.

In search of the "Welfare Economy Research Club," I went to a building in front of Meguro Station at the address. I could not find a signboard for it.

According to a filed register, the "Welfare Economy Research Club" was supposed to be within the office of Okura Movie Production (Inc.).

Okura Movie, of course, is that old movie company known for producing pornographic films. Though the company may now be mostly occupied in the business of trading in real estate and running bowling alleys, it was the king of the pornographic movie world in the heyday of pornographic films, producing hit movies starring such popular actresses as Yukari Taguchi. The office of that company was the official "address" for the "Welfare Economy Research Club," Hashimoto's political group which made payments to the restaurant "Obana." I went to Okura Movie to ask about the club. I was told: "Please talk to people at Hashimoto's office in Koji-machi. Welfare Economy used to have its office here, but moved to Hashimoto's office after another political group was formed."

Okura, managing director and representative of Okura Movie, is an old school friend of Hashimoto who went to Keio University with him. Regardless of how they might have come to know each other, however, the organization comes under the rules of the Political Fund Control Law. Under Article 7 of the law, a political organization, when moving its office, is required to file a report on the office relocation within seven days of the move. Having failed to do that, the group can be said to be a ghost organization existing on paper only.

At the time of the fraud being uncovered, Hashimoto's office in Koji-machi was run by Kobayashi, then secretary to Hashimoto. What can be deduced from this is that both groups which made expense payments to the restaurant "Obana" were under the control of Kobayashi, the "treasurer" of Hashimoto.

Now, what kind of man is this Kobayashi, the former secretary to Hashimoto? Why cannot Hashimoto get rid of Kobayashi who caused him the disgrace of having to resign as finance minister?

Thus Money Flowed to Obana

Kobayashi had first served as an assistant secretary to Hashimoto from 1964 — when Hashimoto was first elected to the House of Representatives — to 1970. He then served two terms as a member of the Nerima District Assembly, and two terms as a member of the Tokyo City Assembly, elected from the New Liberal Club. He returned to Hashimoto as his secretary in 1986 when the latter was appointed minister of transport.

What did the people think about him in those days?

A member of the Nerima District Assembly recalled: "In those days, the people of the district assembly parodied the assembly as the 'right-to-sunlight' assembly. When a construction company built an apartment or another kind of high-rise building in the district, Kobayashi would always appear there, and go around saying to the people the building will infringe on their 'right to sunlight.'

"He would agitate the people into a 'protest campaign.' Eventually he would position himself between the construction company and the residents, and settle the matter by making the former pay money.

"Once, a supermarket building was being built. He raised all kinds of hell about it, and when the market finally opened, we found he had in it a drug store run by his wife."

But Hashimoto, who came to Kobayashi's aid in the election campaign for the district assembly, had nothing but praise for him:

"Kobayashi is a man of action. He is a man this district cannot do without."

Stories about Kobayashi abound. He was said to have worked behind the scenes in the deal to sell Hikarigaoka Hospital to Nihon University. And the words he habitually uttered were: "I have Hashimoto behind me. I have no one to be afraid of."

What kind of roles Kobayashi plays for Hashimoto is evident from the episode over Kyoko Kanazawa. Kanazawa, a former hostess at a Ginza bar, was asked by Hashimoto on the way back from a date, "Will you let me drink tea in your room?" and they had a night together. In 1990, Kanazawa spoke to news media about all that happened that day, thus creating a big commotion. Speaking on half of Hashimoto, Kobayashi, then secretary, insisted: "All he did was to have dinner with her and then send her home. There was no such relationship."

But Kanazawa herself said: "To me, he is a man I yearn for. I had not thought the matter would develop like this, but that is the fact."

There was a scene that took place later on.

Kanazawa was interviewed by Japan Air Lines Company for a part-time job at the insistence of Kobayashi, but it did not go as well as expected. She met with Kobayashi at a lounge in the Capitol Tokyo Hotel.

She told him about the interview at Japan Air Lines. Kobayashi, who had been smiling until that moment, was a different man all of a sudden, with his cheeks twitching. He hit the table before him with his fist in a rage.

"Lay off, will you. I will crush you. If you speak to the media people, will they believe you?"

What this episode revealed by Kanazawa shows is that Kobayashi is Hashimoto's "treasurer" cum troubleshooter.

Kobayashi had resigned as secretary over the loan fraud case at Fuji Bank in August, but returned to his old job quietly around August 1995, shortly before the LDP party presidential election. When the news media found out about this, he left the job again in December. Now he is the representative of "Tameike Club," a support group for Hashimoto formed in March 1994.

I visited the office of "Tameike Club." On one wall of the office was a big poster saying "Our Prayer for the Forthcoming Political Storm." It looked like the group was right in the middle of a fund-raising campaign in preparation for the forthcoming lower house elections. Sure, Kobayashi is still the prime minister's "treasurer."

Now, what about the details of the illicit loans of 1.3 billion yen Obana received, and how the money flowed from Nakamura of Fuji Bank to her.

Nakamura, in his written statement at Investigation Section II of the Metropolitan Police Department on 20 March 1992, provided a list of illicit loans made to Obana as evidence material. It was signed by Nakamura.

A study of the list showed that Nakamura apparently had some of the funds which had been provided to his collaborative companies channeled to Obana.

The list said: "During the period from around May 1990 to around May 1991, about 87 million yen in cash from IOS, Zennichi Sales, and Ikeda."

What this means is that Nakamura made several trips to Obana to deliver to her an aggregate total of 87 million yen in cash.

The list also said: "A check for 100 million yen was issued in June 1990; 300 million yen was taken over from YS Finance (which had made a loan to Obana) around September 1990; about 513 million yen was remitted from Ikeda in May 1992 (possibly by check)."

Another statement by Nakamura said: "I think I hand-carried 30 million yen in cash over to Mariko Obana, the client introduced by Kobayashi."

A subsidiary account book kept by Marusho Kosan revealed that Nakamura loaned money to Obana through Marusho Kosan — 407.5 million yen in January 1991, and 124 million yen on 25 May of the same year.

If all these figures are tallied up, the sum comes to 1,561.5 million yen. But the dealings by the loan fraud collaborators were so complex and complicated. Although authorities appear to have decided the total sum of illicit loans to Obana comes to about 1,304.5 million yen, the actual figure is not clear.

No Collateral Needed and No Interest Charged Because She Was "Introduced by a Minister"

Many things can be learned from all this. One thing is that the "1.3 billion yen extended to Obana" was so different from the "regular loans" extended to a regular customer who would submit "a request for a loan for use in real estate acquisition" as has so far been claimed. First of all, Fuji Bank itself was not involved in providing the funds.

It is not likely we will ever be able to find proof which verifies Obana really believed the loans came from Fuji Bank. To take the protocols for instance, none had the seals of Fuji Bank on them.

If they were really "regular loans," the ways the money was delivered were so strange. Sometimes it was in cash, hand-carried by Nakamura himself.

Explanations given on the use of the needed funds were varied — ranging from those for purchase of real estate assets to those for business operations. When a customer wants to use a loan from a bank, he has to conclude a contract, the form of which varies according to the use of the loan money, and agree to an interest rate to apply. But, according to Fuji Bank, all the loans to her were provided "free of collateral and interest, and without contracts written." When such "loans" would look strange even to amateurs, would it have been possible for Obana, who had such rich experience in buying and selling real estate assets and in borrowing money from banking institutions, not to consider them strange?

In a written statement to the Metropolitan Police Department's Investigation Division II on 4 February 1992, Nakamura wrote as follows:

"The funds Zennippan Company passed over to other people at my request were 3.5 billion yen to Kamogawa Country Club (run by IOS), 40 million yen to G, and 20 million yen to Ms. Mariko Obana... The loan of 20 million to Ms. Mariko Obana was made on 25 February 1991...

"I asked Ms. T, accounting clerk at Zennippan Company, to take the step of transmitting money. These loans, as far as I know, have not been paid back to date."

There are decisive papers in evidence supporting this as a fact.

One of them is a copy of a payment bill issued when money was remitted to Obana via Zennippan Company. It is dated 25 February 1991. The bill shows 20 million yen was requested to be taken out of

"Zennippan Company's" account at Taiyo-Kobe Mitsui (now Sakura) Bank Ginza-East Branch and to be sent to the account of "Mariko Obana" at Sumitomo Bank Ningyo-cho Branch. Another is a copy of the account of "Mariko Obana" at Sumitomo Bank Ningyo-cho Branch. In the column for 25 June 1991, the following note was recorded: "Transfer of money (automatic remittance) from Taiyo-Kobe Mitsui Ginza-East to Zennippan."

There is a clear contradiction between what these documents show and the allegation that Obana was a well-intentioned third party. If she asked Nakamura of Fuji Bank for a loan and she received it from Zennippan's account at Taiyo-Kobe Mitsui Bank, she was bound to wonder. If Obana asserted she was sure it was a regular loan from Fuji Bank despite this fact, then that would be nothing less than perjury.

Now Hashimoto as well as Fuji Bank keep on saying: "Obana was sure that what she received were regular loans." They base their assertion on the story that "Ms. Obana had phoned Fuji Bank Akasaka Branch shortly before the fraud case became known and proposed to pay back a loan voluntarily, using money she gained by selling a building in Meguro."

In the Diet later (on 2 September 1991), Hashimoto said: "When Ms. Obana phoned Nakamura, the former head of a section at Akasaka Branch, with the intention of repaying 300 million yen, part of her debts, she found Nakamura gone. The phone call, subsequently, was connected to an assistant department manager. The officer thought she was proposing to make a new deposit, so he expressed thanks. She explained to him that she was returning a loan. Only then did Fuji Bank came to realize there had been illicit loans made to Ms. Obana."

If he thinks this story is proof that Obana was a "well-intentioned third party," then he is wrong.

A reporter who covered the incident at that time said: "For some reason, Obana sold a real estate asset in Meguro, which she had priced at 700 million yen at first, for only 400 million yen in a hurry. That was on 23 July, or two days before the fraud case came into the open."

Incidentally, the people in the area and the political circles say the buyer of it was Masaaki Nakayama, former minister of posts and telecommunications, who was a friend of Obana. But Nakayama himself said: "All that I did was rent the house temporarily."

Hashimoto's explanation appears to be based on what the people of Fuji Bank told him. But there is a difference between what he said and the facts with regard to the part in which he claimed she "phoned Nakamura." Actually, though Obana was supposed to know nothing about the fraud case, when she phoned Akasaka Branch she simply said "I want to return 300 million yen" after introducing herself.

Obana, who was not supposed to know that Nakamura was gone, did not ask for Nakamura who was in charge of her matters.

Furthermore, Kobayashi, the former secretary, in an interview with me in February this year, admitted that Obana was not "sure if the loans were regular loans."

Kobayashi at that time told me: "On the evening of 2 August (the day before Obana's involvement in the case was made public), I asked for an explanation from her. She told me, 'Because of soryo kisei now, it takes longer time to obtain bank approvals on loans. He then told me I can use those funds in the meantime, so I used them. I managed my finances, using the money, for about a year. Then it dawned on me something was fishy."

Kobayashi said he reported to Hashimoto what he heard at that time. Obana should have known that she was given "exceptional" treatment of a bank clerk bringing her loans without the bank's approval because of words by Kobayashi who was right by "the finance minister." When she herself had said she thought something was fishy, and when secretary Kobayashi was said to have reported this to him, why did Hashimoto say in the Diet "Ms. Obana was certain the loans were regular loans"?

Another party which insists Obana was a well-intentioned party is Fuji Bank. Akira Hashimoto, former president (current chairman), testified before the Diet at that time: "She offered to make a repayment voluntarily, shortly before the fraud case came into the open." But is his testimony credible? Actually, Fuji Bank was not so concerned about whether the companies or individuals who had received illicit loans did so with the understanding they were illicit.

Fuji Bank was only interested in retrieving debts.

A senior Fuji Bank clerk in a statement to the Tokyo District Prosecutors Office on 14 April 1994 admitted: "We could not see that the question of whether the companies' executives had known about the identity of the people receiving loans had any bearing on the question of retrieving the debts. So we did not conduct an investigation into that aspect."

Even as regards Obana, the bank's only concern was in securing collateral, and it never conducted an investigation to see if she was a well-intentioned party. On what grounds is Fuji Bank saying that "Ms. Obana was sure they were regular loans"?

Qualifications as Prime Minister Questioned

As a matter of fact, Fuji Bank is in a state of uncertainty over this question.

First of all, some of the contents of the bank's internal records are at variance with what the bank president stated at the Diet.

Fuji Bank had prepared two letters of disposition to deal with the problem of Nakamura's loans.

The first of them, titled "Actions and Direction in Dealing With the Akasaka Branch Problem" and dated 17 June 1991, presented an overall picture of the fraud and the general direction of actions proposed to be taken.

The second one, titled "Action Plan for Akasaka Branch (actions on individual companies)" and dated 2 July 1991 was drawn up to follow up on the first one.

Both were official internal letters of Fuji Bank which were signed by some 20 executives including the auditor and the president.

The second one dated July referred to Obana. This letter contained a table which recorded debts from nonbanks involved, actions to be taken by Fuji Bank, the condition of assets at issue, problem issues, and other details. Under the part on Marusho Kosan, a note said: "(2) Sublease (to Obana and others) 800 million yen."

In other words, by 2 July 1991 at the latest, Fuji Bank had known that illicit loans had made their way to Obana. That piece of note should naturally be read in that way.

But Fuji Bank gave the following strange explanation on the record, while admitting the authenticity of the record as being its internal document:

"This paper was prepared actually in mid-August. Members of the project team to deal with the Akasaka Branch problem were named on 1 July, and the team started work on 2 July. The team proceeded to look into details of the matter from that day on, and held discussions on actions to be taken. Action plans for all the groups were decided on finally on 16 August. That disposition letter was a round-up of what was discussed from 2 July to 16 August. It was a report for post-factum approval.

In short, what the bank insisted was that since the paper was a report containing findings up to mid-August, there was nothing unusual if it made a note of "Obana," whom the bank had come to learn about "after 20 July" — before the case was made public. But I have never before heard of such a strange story of a company disposition letter being written and backdated 45 days. It is so strange to visualize pictures of the Fuji Bank president and other executives putting their seals in mid-August on a document dated "2 July."

I have asked officers of several other banks in Tokyo, as well as clerks in Fuji Bank itself, and they all shook their heads in disbelief. A senior officer of a bank in Tokyo said: "I have never heard of such a thing. A bank internal letter is not prepared that way. The people who read such a letter would laugh at it, thinking the bank which allows such a letter to be written must be a sloppy organization. The explanation they gave about it is one which compels me to think they are trying to hide something."

A question on the date of the letter was also raised at the lower house Budget Committee session at the end of May. In his reply, Masayoshi Nishimura, director general of the MOF Banking Bureau, only repeated — with a distressed look — what Fuji Bank had said.

I visited the Commercial Banks Division of the MOF Banking Bureau personally. I spoke to Kosaburo Kimura, assistant director of the division.

My question: "Explaining the date of that exposition letter, Fuji Bank said it was backdated 45 days. The director general of the MOF Banking Bureau, asked about it at the Diet, appears to have supported that explanation. Will you comment on that?

His reply: "All that the bureau director did at the Diet was report what Fuji Bank had presented as its explanation. What we know is that, given the most mysterious case it had ever heard of, Fuji Bank had to decide quickly on what it should do. Then, the bank went on with the process of dealing with all the individual loan users. By the time this process was completed, they realized there had been no intrabank agreement on actions to be taken. Consequently, they came to write the backdated letter. That is the explanation given by the bank."

My question: "The explanation suggests the bank engaged in an act of filling up an administrative gap ex post facto."

His reply: "That can be said."

My question: "Does the MOF approve of such action?"

His reply: "If you ask me if the action was appropriate or inappropriate, I will say it was inappropriate. If the idea of backdating was applied elsewhere, and dates on vouchers and other account records were changed, it would wreak havoc on customers. Banks are expected to act honestly, and they do not write up such letters normally."

Then there arises the question of why Fuji Bank ventured to give such an explanation which could be considered suggesting the bank engaged in an act of "filling up an administrative gap ex post facto."

Two situations are possible.

One is that of assuming the explanation of Fuji Bank to be correct. But that would mean Fuji Bank is the sort of bank wherein all the directors, including the president, would get together to play an act of "filling up a gap" just to make the bank's internal document look more orderly.

The other is that of assuming there is a reason that the date for the letter must not be "2 July." In other words, the bank had a certain reason to insist the date was not "2 July" despite the tremendous cost of social damage such an explanation would have on its reputation as a bank which does not hesitate to create a letter to "fill up a gap."

I think the reason is "Obana." If it becomes evident that Fuji Bank on 2 July knew about the fact that "illicit loan money had gone to Obana," the story presented by its president at the Diet and subsequently defended by the bank will come tumbling down.

In other words, Fuji Bank's story asserting Obana was a "well-intentioned third party" will fall apart. Fuji Bank has said the bank itself and Obana learned about Nakamura's illicit loan money only after Obana offered to pay back part of her loans after 20 July.

As noted earlier in this article, Hashimoto, then finance minister, has also stuck with this story. Even after he became prime minister, every time he was questioned about the Fuji Bank illicit loan case, he only repeated testimony made by the bank president. Admitting the date the disposition letter was written was "2 July" would throw doubt on the credibility of replies in the Diet of not only the Fuji Bank executives but also the prime minister.

What became more and more clear to me as I searched for truth in the Fuji Bank loan fraud case was the fact of how poorly Hashimoto performed his duty as finance minister at the time.

For instance, it was on 17 June 1991 that Fuji Bank made its first report on the case to the MOF, as noted earlier. Despite this, speaking at the recent session of the Diet, Hashimoto said: "I do not know if the report came to working-level officials. At least, I was not informed." Is he saying that the finance minister, the top official of the MOF, did not receive a report on this serious matter?

His own "treasurer" and a personally close proprietress of his were involved in this incident called the nation's "greatest postwar banking scandal." Influential members of supporter groups for him were also involved. Hashimoto had the harshest thinkable obligations as finance minister at the time to make all possible efforts to uncover the truth of the matter. But there was no trace of him having done so. In fact, he went in the opposite direction.

I asked for an interview with the people of Hashimoto's personal office, and was given only a reply to my question by phone. The reply was:

"Mr. Hashimoto — then as finance minister and now as prime minister — has clearly presented his views and positions on the Fuji Bank illicit loan case in response to questions at the Diet and other public places. Please refer to records of his statements.

"As far as the matter of former secretary Kobayashi is concerned, as you may remember, Mr. Hashimoto had admitted the actions of Kobayashi — despite his position as a secretary to a finance minister — of introducing loan-seekers to a bank employee were indiscreet and inappropriate, and subsequently Mr. Hashimoto resigned as finance minister, taking responsibility for this and other matters."

At least, at the current jusen session of the Diet, Hashimoto has not given any view of his own. All that he has done was to repeat the testimony made by the Fuji Bank president in the Diet in the past.

Fuji Bank itself is continuing to say, "There have been no cover-up operations or perjuries."

I have requested an interview with Kobayashi, and he said he "would think about it," but I have not heard from him since. Nor is Obana, who is now back working in the Ginza, willing to talk to me.

The truth about the Fuji Bank illicit loan case is yet to be revealed.

But it is an undeniable fact [machigaino nai jijitsu] that all the officials concerned, including the finance minister, tried to cover up the truth by repeating "perjuries."

Commenting on the soryo kisei which started the collapse of the bubble economy, an MOF bureaucrat said: "The 1985 Plaza accord's admission that the yen was valued too high resulted in the situation of Japanese banks and other enterprises — whose over-presence overseas had been a problem — returning to Japan. But they did not know what to do with their money in Japan, as there was an overflow of money in Japan too. So the funds flowed into land, stocks of electric power companies whose asset values were high, and so forth. That condition continued from 1985 to 1989. Just as 1990 started, the traffic signal on the economy changed from yellow to red. Politicians began to make a racket and make a fuss about it, so the soryo kisei measures came to be adopted though MOF officials were against them.

The soryo kisei was a product of political judgment, and Hashimoto was one of the key decision makers.

With the bubble economy collapsing, Nakamura lived his life in fear of the fraud being discovered, but he kept on putting one fraud on top of another. Then, Kobayashi, with his job title of secretary to the finance minister appeared before Nakamura, the drowning man who would grasp at a straw; and the former made the latter look after the proprietress associated with his boss, the finance minister.

The nation's banking system was in a state of chaos following the collapse of the bubble economy. There is now a suspicion that in the midst of this, Hashimoto, the key decision maker in causing the collapse of the bubble economy, covered up the truth of the matter in order to protect his acquaintances when he should have been doing everything to rebuild the banking system. That man is no longer qualified to talk about the banking system. What he needs to talk about now is what he did at that time, and to speak the truth.

Japan: Itochu To Join Satellite Project With Thai Firm

OW3008052596 Tokyo KYODO in English 0459 GMT 30 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 30 KYODO — Itochu Corp. has joined a project with a Thai company to broadcast multiple digital television channels to 15 Asian countries and regions by satellite, officials of the major trading company said Friday.

Broadcasts of 100 to 150 channels, set to start in March 1998, will cover nearly all Asian countries, including India, Thailand and parts of China, the officials said.

Itochu holds 5 percent of Asia Broadcasting and Communications Network (ABCN), a satellite-operating company set up by Thailand's major newspaper and publication firm, M Group. Three U.S. and Canadian companies have also joined the project.

Capitalized around 250-300 million dollars, ABCN is owned 60 percent by M Group, 8.9 percent by U.S. satellite maker Loral and 7.5 percent by U.S. satellite broadcasting company Echostar.

Canada's satellite company Telesat holds a 5 percent stake, while the rest of the shares are owned by various other investors, including a Thai bank.

The two broadcast satellites will be launched by 1998, using an orbit that has been allotted to Laos. ABCN will sign a 30-year contract with the Laotian Government for use of the orbit.

Itochu and M Group will set up a separate company to provide dubbed Japanese programs to ABCN.

Japan: Hatoyama To Form New Political Party 'Around 20 Sep'

OW2908143996 Tokyo KYODO in English 1356 GMT 29 Aug 96

[FBIS Transcribed Text] Tokyo, Aug. 29 KYODO — Yukio Hatoyama, former chief secretary of New Party Sakigake, said Thursday he will form a new party around Sept. 20 after leaving Sakigake on Friday [30 August].

Hatoyama told reporters he will initiate procedures Friday for seceding from Sakigake, the smallest party in the ruling coalition with the Liberal Democratic Party (LDP) and the Social Democratic Party (SDP).

Touching on his new party's doctrine, which will be announced as early as Friday, Hatoyama said he is planning to stress the need for Japan to rid itself of the mentality of promoting the economy for the economy's sake.

Hatoyama also said he is studying whether to establish a public election scheme to choose the nation's prime minister.

He stressed that an increasing number of dietmen are ready to join the new party, saying it is certain that former Hokkaido Gov. Takahiro Yokomichi and Akihiro Ohata, an SDP lawmaker, will join.

He stepped up efforts Thursday afternoon to lure more members to the new party by having talks with a group within the SDP which is seeking to create a new party.

In Fukuoka, meanwhile, Banri Kaieda, chief of the Citizens Action League, said Hatoyama's new party would initially have 20-30 dietmen. Kaieda said the new party is expected to oppose the three-party coalition led by Prime Minister Ryutaro Hashimoto.

Meanwhile, Sakigake officials, including deputy chiefs Shusei Tanaka and Hiroyuki Sonoda, on Thursday started negotiations to fill the posts of Masayoshi Takemura and Hatoyama. Takemura has already resigned as Sakigake chief.

Many Sakigake members want Health and Welfare Minister Naoto Kan to succeed Takemura as Sakigake chief, but Kan appears reluctant to accept. Sakigake officials will continue to try to persuade Kan, but some now think Kan should head a future move from Sakigake to form another new party.

If Kan continues to refuse the post, Tanaka, Sonoda and Shoichi Ide, former health and welfare minister, will be likely candidates as Takemura's successor, Sakigake sources said. The new head will be decided at the party's general council meeting on Friday.

Sakigake sources said they believe Sonoda is the best person to succeed Hatoyama as chief secretary if he is not selected as new Sakigake chief. At the same time, some believe a fresh dietman should be named to the post, the sources said.

In Kumamoto Prefecture, Kan said he has decided not to join the new party because he had hoped almost all of Sakigake would join it. His remark was taken as being critical of Hatoyama, who opposed the participation of old and liberal politicians, analysts said.

Meanwhile, Yokomichi told local SDP officials in Sapporo that he will take part in policy discussions of Hatoyama's new party. He said Hatoyama's move must not end without the creation of a party with a large number of lawmakers.

Japan: Ide Succeeds Takemura as Sakigake Leader

*OW3008021796 Tokyo KYODO in English
0150 GMT 30 Aug 96*

[FBIS Transcribed Text] Tokyo, Aug. 30 KYODO — Shoichi Ide became leader of New Party Sakigake on Friday, following weeks of turmoil within the smallest ruling coalition party over plans to launch a new party, party officials said.

Ide, 57, succeeded Masayoshi Takemura, a former finance minister, who had headed New Party Sakigake since its establishment in 1993. Takemura resigned as party president to take responsibility for the intraparty confusion.

Ide served as health and welfare minister under Prime Minister Tomiichi Murayama. He has been elected to the House of Representatives three times from a constituency in Nagano Prefecture.

Hiroyuki Sonoda, one of two party vice presidents, filled the post of chief secretary vacated by Yukio Hatoyama, who is leaving the party later in the day and launching a new party next month.

Health and Welfare Minister Naoto Kan became party vice president. Economic Planning Agency Director General Shusei Tanaka retained his post as vice president, they said.

The new party lineup was agreed at an extraordinary meeting of the decision-making Executive Council, the officials said.

Ide told reporters after the meeting that his party will continue to participate in the ruling coalition with the Liberal Democratic Party and the Social Democratic Party.

Japan: Hatoyama on 'Citizens-First' Policy of New Party

*OW3008111596 Tokyo KYODO in English
1051 GMT 30 Aug 96*

[FBIS Transcribed Text] Tokyo, Aug. 30 KYODO — Yukio Hatoyama, who resigned as chief secretary of New Party Sakigake on Tuesday [27 August], formally quit the party Friday to form a new party and announced its policy of giving priority to citizens' interests over economic issues.

Speaking at a press conference after submitting his resignation to leave the party, Hatoyama said the new party will seek to move the nation away from an economy-first policy toward a citizens-first policy.

He said he plans to set up the new party on Sept. 22 and expects more than 20 lawmakers to join at the start. He said the party will deal in "politics showing responsibility for the future."

The new party will be dissolved in 2010 and until that time will make all-out efforts to achieve its policy platform to be announced around Sept. 11, Hatoyama said.

He said the party will not make any compromise on policy in order to win power, but will deal with the tripartite ruling coalition in a case-by-case manner.

He left open the possibility of future election cooperation with Sakigake. "It could be in sight in the future," he said.

Among specific policy targets, Hatoyama cited a six-year integral junior and senior high school education term, a public election for the premiership and the transfer of budget-drafting operations from the Finance Ministry to the cabinet.

He also stressed the need for reducing the number of seats in the House of Representatives and the House of Councillors to 300 and 94, respectively, from the current 511 and 252.

Two other Sakigake members, Susumu Yanase and Fumihiko Igarashi, also left the party on Friday to join the new party and another Sakigake member, Ko Tanaka, said he would follow suit next week.

Observers say the development could herald a split in Sakigake, the smallest group in the tripartite ruling coalition led by Prime Minister Ryutaro Hashimoto of the Liberal Democratic Party.

Former Education Minister Kunio Hatoyama, a younger brother of Hatoyama and member of the main opposition party Shinshinto (New Frontier Party), told reporters he plans to quit Shinshinto next Monday to join the new party.

Asked to comment on his brother's decision to put a time-limit on the life of the new party, Kunio said he agrees with it.

"I want to make it a party which will do what it can to achieve targets set in advance. I think a time-limited party is significant and I agree with it," he said.

Hatoyama submitted a note of secession to newly appointed party president Shoichi Ide.

Ide took over from Masayoshi Takemura as party chief earlier in the day.

Hatoyama, 49, has decided to leave Sakigake after two days of meeting with Takemura, who hoped to change Sakigake as a whole into a new party. Hatoyama refused the offer because he did not want Takemura to be a member of the new party.

Japan: LDP Official: Ozawa To Back Hatoyama in Premier Election

OW3008105696 Tokyo YOMIURI SHIMBUN in Japanese 30 Aug 96 Morning Edition p 2

[FBIS Translated Text] Shizuka Kamei, head of public relations of the Liberal Democratic Party [LDP], gave a lecture at a national convention of the National Federation of Young Dietmen on 29 August in Hiroshima. Touching on the planned formation of the "new Hatoyama party," Kamei said: "(Shinshinto President) Ichiro Ozawa's strategy is to nominate Yukio Hatoyama as a prime ministerial candidate if the new party gains popularity and wins many seats in the next general election."

Regarding Hatoyama's hinting at the possibility of his supporting a no-confidence motion against Prime Minister Ryutaro Hashimoto's administration, Kamei criticized Hatoyama, saying: "New Party Sakigake has a responsibility to fulfill regarding the administrations of Prime Minister Hashimoto and former Prime Minister Tomiichi Murayama since some of its members were appointed cabinet ministers in both administrations. It would amount to self- condemnation as a politician if one who served as the party's secretary general should support such a motion."

Mongolia

Mongolia: Mongolia To Remove Price Controls on Necessities

OW3008092196 Tokyo KYODO in English 0903 GMT 30 Aug 96

[FBIS Transcribed Text] Ulaan Baator, Aug. 30 KYODO — The Mongolian Government will shortly lift its price controls on daily necessities such as electricity, oil and wheat, a leader of the new ruling coalition says.

The government is also making preparations to implement the coalition's election pledges including tax cuts, private ownership of land and privatization of state-run enterprises and banks, Tsahiagiin Elbegudorj has told KYODO News.

Analysts said that although soaring inflationary pressure triggered by Mongolia's shift to the market economy in 1990 is subsiding, the removal of the price controls will surely send prices of daily necessities rising again.

As higher prices are likely to arouse public discontent, the new Mongolian Government may face the first real challenge to its democratic reform drive, the analysts said.

In parliamentary elections in June, the Democratic Union coalition allying two major opposition parties, the Mongolian National Democratic Party (MNDP) and the Mongolian Social Democratic Party (MSDP), swept to victory and put an end to the long-time rule of the ex-communist Mongolian People's Revolutionary Party (MPRP).

Elbegudorj, president of the MNDP, said the government will complete reforms within two years as the Mongolian people's patience will not last longer.

The government led by Prime Minister Mendsaihany Enkhsaihan has already cut the number of government agencies and ministries to nine from 13.

North Korea

DPRK: Pyongyang Doubts U.S. Willingness To Implement Agreement

SK3008093296 Pyongyang KCNA in English 0905 GMT 30 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — The U.S. Department of Treasury reportedly announced on August 22 that the U.S. citizens would be "prohibited from offering fund" to the Democratic People's Republic of Korea, calling it a "sponsor of terrorism".

The move is part of the U.S. deliberate scheme to further intensify "economic sanctions" against the DPRK.

It is preposterous that the U.S. branded the DPRK as a "sponsor of terrorism" again.

The DPRK, which regards independence, peace and friendship as the basic idea of foreign policies, has fought hard to see all kinds of terrorism discontinued on the globe.

We cannot overlook the U.S. charging the DPRK with being a "sponsor of terrorism" and taking "economic sanctions" against it.

Since the framework agreement was signed between the DPRK and the U.S., positive signs have been seen in its implementation and the improvement of bilateral relations.

As for the improvement of the bilateral relations, we, out of a humanitarian position, have negotiated with the U.S. as regards joint exhumation of U.S. MIAs' remains and the missile problem at the request of the U.S.

Instead of easing "sanctions" as it promised in the framework agreement, however, the U.S. has taken another step of "economic sanctions" against the DPRK under the unjustifiable pretext. This is an unreasonable and perfidious act.

The U.S. latest step makes us skeptical as to the U.S. willingness to implement the framework agreement.

The framework agreement is a document in which both sides promised to implement their commitments. So, the implementation of the agreement should not be done in such a way as only one side keeping its promise.

Regrettably, however, the U.S. has still openly threatened to take "economic sanctions" against the other signatory to the agreement, though two years have passed since its conclusion. This is an act like breaking faith with the dialogue partner. It cannot be construed otherwise than telling us that we may do what we want.

If the U.S. considers the implementation of the agreement out of their favor, we too feel it unnecessary to pay attention to the implementation.

The U.S. had better think and act in a reasonable way, properly judging whether the implementation of the agreement is in its interests or not.

DPRK: U.S. Laws Against 'Weak Nations' Decried

SK3008082996 Pyongyang KCNA in English
0816 GMT 30 Aug 96 — Official DPRK news agency

["It Is Not Others' Business" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — Developing countries are justified in rejecting and condemning the U.S. "D'Amato Law" and "Helms-Burton Law" as extraterritorial, says NODONG SINMUN in a signed commentary today.

The news analyst says:

This stand of African and developing countries is for defending national dignity and sovereignty as well as common interests.

It cannot be considered that the laws are confined to Cuba, Iran and Libya. So, the efforts to frustrate the laws are for defending the interests of all developing countries.

The U.S. urges anyone who makes a concession to make ten or a hundred concessions. The U.S. becomes arrogant before the weak nations.

If the U.S. arbitrariness is allowed today, the sovereignty and interests of all developing countries will be infringed upon in such a way.

Developing countries should not allow the arbitrariness of the U.S., but pool their strength to check and frustrate it.

DPRK: KCNA Denounces Exercise as 'Dangerous Military Provocation'

SK3008034396 Pyongyang KCNA in English
0336 GMT 30 Aug 96 — Official DPRK news agency

["'Ulchi Focus Lens' War Exercises at Height" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — The U.S. imperialists and the South Korean puppets staged one more large-scale joint air war drill Tuesday, within the framework of the "Ulchi Focus Lens" joint military exercises starting on August 19, military sources reported.

Involved in this drill in the sky above the West Sea [Yellow Sea] of Korea were scores of carrier-based aircraft of the U.S. Pacific Fleet and over 620 planes of the U.S. Seventh Air Force and the puppet air force.

The drill was a dangerous military provocation aimed at a surprising three-dimensional strike on the frontline, inland and coastal areas of the northern half of Korea.

Timed to coincide with it, 20 odd super-size and big transport planes based in the U.S. mainland and the Pacific airlifted war supplies and combat equipment to the U.S. Air Force bases in South Korea day and night, inciting a war atmosphere.

On the 26th and 27th, 105mm and 155mm artillery groups of the puppet army were deployed at positions in Chorwon County, South Korean Kangwon Province, Yonchon County and Paju city, Kyonggi Province, in the central and western sectors of the front. The groups and thousands of armed soldiers fired over 5,500 shells and bullets in the direction of the Military Demarcation Line.

Owing to the reckless war moves of the U.S. imperialists and the South Korean puppets, prevailing on the Korean peninsula is now a dangerous situation in which a war may break out any moment.

If the U.S. imperialist warmaniacs and the Kim Yong-sam group dare encroach upon our territory even an inch, we will mercilessly annihilate the provokers.

DPRK: KCNA Denounces Aug 'Air Espionage' on DPRK

SK3008022996 Pyongyang KCNA in English 0221 GMT 30 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — The [word indistinct] imperialist warmaniacs have committed air espionage on the northern half of Korea on 150 odd occasions this month, with the mobilization of reconnaissance planes of different missions based in South Korea and other regions, military sources said.

On Aug. 29, the U-2 high-altitude strategic reconnaissance plane was sent to the sky above the Military Demarcation Line to have a photographing and electronic espionage on the inland of the North for hours day and night. The espionage by this plane totaled more than 30 occasions this month.

All these actions prove that their aggressive [word indistinct] to stifle the DPRK on the strength of arms has reached the extreme.

DPRK: Dailies Criticize Port Call of 'Blue Ridge' at Pusan

SK3008044796 Pyongyang KCNA in English 0345 GMT 30 Aug 96 — Official DPRK news agency

["Portcall of 'Blue Ridge' Under Fire" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — Papers here today comment on the recent anchorage of the U.S. Seventh Fleet command ship "Blue Ridge" at Pusan port, South Korea.

NODONG SINMUN in a signed commentary titled "'Blue Ridge' Is Not a Sightseeing Boat" says:

Warmaniacs of the U.S. military sent the aggression warship to South Korea. This is an undisguised provocation against the Democratic People's Republic of Korea. We cannot remain an onlooker to the adventurous action of the bellicose elements of the U.S. military.

The criminal act of the bellicose Kim Yong-sam group in allowing the portcall and gravely threatening peace of the country and security of the nation will not be pardoned at all.

We are following with heightened revolutionary vigilance all the dangerous actions of the South Korean puppets in league with the U.S. hawks aimed at invading the northern half of Korea.

MINJU CHOSON in a by-lined commentary says that lurking behind the portcall of the "Blue Ridge" is a sinister intention to put down the desire of the nation for the reunification which grew stronger around August 15, the anniversary of Korea's liberation from the Japanese imperialist colonial rule, threaten pro-reunification patriotic forces by the force of arms, give the Kim Yong-sam group driven into a tight corner a shot in the arm and maintain the colonial fascist ruling system.

DPRK: ROK Lenient Toward Chon, No While Cracking Down on Dissent

SK2908112396 Pyongyang KCNA in English 0824 GMT 29 Aug 96 — Official DPRK news agency

["'Trial' Befooling Public Opinion" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 29 (KCNA) — The puppet Seoul District Court of South Korea on August 26 imposed penalties far less severe than demanded by the "prosecution" on those involved in the December 12 incident and the May 18 Kwangju massacre.

Commenting on this, MINJU CHOSON today says that the Kim Yong-sam group are cracking down at the point of the bayonet on the patriotic democratic forces who are rising up in the righteous struggle for independence, democracy and reunification, but granting "leniency" to those who committed the heinous crimes.

The news analyst goes on:

It is as clear as noonday that the Kim Yong-sam group will lose no opportunity to release Chon Tu-hwan and

No Tae-u on the pretext of "sick bail" and "parole". This is because they are teammates and the same criminals.

It is clear that if the traitor Kim Yong-sam condemned all the criminals of the "fifth and sixth republics" to capital punishment, they, in return to it, would reveal all his scandals. If then, he would be in prison and, worse still, hanged to death. That is why he is resorting to every conceivable means to defend and revive the criminals of the "fifth and sixth republics". But this is stirring up only the resentment of the people.

The traitor Kim Yong-sam must clearly see the will of the enraged people and impose capital punishment upon all the criminals as demanded by the people.

DPRK: NODONG SINMUN Calls Chon, No Verdicts Deceptive 'Farce'

SK3008102696 Pyongyang KCNA in English 0811 GMT 30 Aug 96 — Official DPRK news agency

["Political Farce Aimed at Flouting Will of People" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — The Kim Yong-sam group recently held "the first verdict trial" for those involved in the "December 12 rebellion" and the May 18 Kwangju massacre at the puppet Seoul district court.

NODONG SINMUN today, commenting on this, says:

At the "trial" the Kim Yong-sam group sentenced Chon Tu-hwan to capital punishment and No Tae-u for whom life imprisonment had been demanded to 22 years and 6 months of imprisonment. 14 criminals for whom prison terms from 10 to 15 years had been demanded at the "final hearing" held on August 5 were acquitted or sentenced to prison terms from four to ten years .

This shows that it is not a "trial" to punish those who ruthlessly killed thousands of fellow countrymen after seizure of power through "rebellion", but a political farce aimed at misleading public opinion and flouting the will of the people.

The recent "trial" is a political burlesque and a popularity- hunting trick which is not for punishing the military dictators of the "fifth and sixth republics" but for covering up the "civilian" government's tieup with them, saving them and maintaining the "civilian"-veiled dictatorship which is shaking to its foundation.

It is clear to all that the Kim Yong-sam group plan to play for time, misleading public opinion with clamouring about "death sentence" and "imprisonment" and then to save the murderers through "pardon" or "amnesty".

Things will not go at all as the puppets wish.

DPRK: Kim Yong-sam Adopted Methods of Oppressors After Election

SK2808142196 Pyongyang KCNA in English 0758 GMT 28 Aug 96 — Official DPRK news agency

["CPRF Secretariat Lays Bare Kim Yong-sam's Anti-Democratic, Anti-Reunification Nature" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 28 (KCNA) — The Secretariat of the Committee for the Peaceful Reunification of the Fatherland (CPRF) published a white paper on Tuesday laying bare the true colors of the traitor Kim Yong-sam.

The white paper said:

The traitor, who had called for democracy and reunification when he was in the opposition camp, has revealed his true colors as a fascist tyrant and an anti-reunification element who puts the preceding military dictators into the shade.

Before coming to power, he had cast himself as a "pioneer of democracy". He cried for the abolition of the "National Security Law" (NSL) more loudly than others.

He, a "victim of the NSL", had said that if he took power, he would "revise the NSL and other evil laws in compliance with public demand and the trend of the time".

But since he rose to power, he, by dint of the "NSL", has kept South Korea closed from the fellow countrymen in the North and turned it into the worst graveyard of human rights in the world where even elementary democracy and rights of the people are not allowed.

According to an official announcement, 75.5 percent of the 1,570 political prisoners who were arrested by the Kim Yong-sam regime until December 1995 are victims of the "NSL". The figure is 15.5 percent higher than in the period of the "Sixth Republic".

While in the opposition camp, Kim Yong-sam had supported students in their struggle for the democratization of society and the reunification of the country.

At a press conference on July 13, 1987, he said it was "wrong that the government and the ruling party charged students with being pro-communist". At another press conference on August 16, 1988, he said, "being a politician, I feel sorry that the August 15 inter- Korean student talks have been miscarried due to clashes between the government and students. Unifying the country is the greatest task of our nation. So, the government should ponder over why the government-controlled discussion on unification has enjoyed distrust."

After coming into power, however, Kim Yong-sam has harshly suppressed the South Korean Federation of University Student Councils (Hanchongnyon) from the very outset for its activities for independence, democracy and reunification.

The Kim Yong-sam group took away more than 2,500 people during the Fifth Pan-National Rally (PNR) in 1994. During the Seventh PNR and the Sixth Grand Reunification Festival of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), they wounded more than 1,200 people and arrested nearly 6,000.

Kim Yong-sam surpasses by far the preceding dictators in crackdown on the labor movement and tip-off politics.

When he took office, he talked so much about "unification", posing as a patriot who wants to see the country unified.

In June, 1987 when he was the president of an opposition party, he said, "I am willing to take part in all work for unification and to go any place and any time for the purpose." And he told the "presidential inaugural ceremony" on February 25, 1993 that he would "improve relations with the North on the principle of the same nation."

Later, however, he took off the mask and fully revealed his anti- reunification nature.

On June 3, 1993, he called a press conference a hundred days after he came to power and officially declared confrontation with the North, taking issue with the North on the non-existent "nuclear issue". He said, "We can never shake hands with the North with nuclear weapons."

The traitor, in the hope of stifling the North, has sought "International Cooperation System", while acting a shock brigade in moves to put pressure on the North.

He detained patriotic-minded people and students who visited Pyongyang for reunification and imposed heavy penalties on them.

He also nullified the North-South agreement and has frantically staged anti-North military manoeuvres.

Due to the unprecedented fascist suppression of the patriotic forces for reunification and the war exercises by the Kim Yong-sam group, inter-Korean relations have been driven into the worst phase and the some 20-year-long inter-Korean dialogue deadlocked.

For all this, Kim Yong-sam can never escape from a stern judgement by the nation.

DPRK: ROK Regime's 'Frantic' Repression Against Dissent Denounced

SK2908112496 Pyongyang KCNA in English
0817 GMT 29 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 29 (KCNA) — The South Korean fascist clique has almost every day called chiefs of the puppet government bodies including "Board of Audit and Inspection", prosecution, police and "Office of National Tax Administration" to "Chongwadae" to have a confab for totally stamping out the pro- reunification patriotic forces, according to a radio report from Seoul.

At the "working consultation on establishment of state discipline," the fascist group branded the patriotic forces for reunification in South Korea as "leftist violent forces against system". And they have set it as the "principal task of government servants in the latter half" to uproot the leftist forces and decided to disintegrate all the progressive organizations of students and workers.

In addition, they decided to make roundup the prime object in police repression of demonstrations, form a "special anti-demo squad" and step up "development of forward repressive tactics and special riot equipment."

Under the decision, the "National Police Office" is hastening to purchase latest repressive equipment of nine kinds including electric rifles, stray-bullet launchers and special riot vehicles this year.

This frantic repressive campaign against the pro-reunification patriotic forces is a last-ditch effort of those facing crisis and it will only precipitate their own destruction.

DPRK: DPRK Red Cross Chairman Urges ROK To Return Prisoner

SK3008102596 Pyongyang KCNA in English
0807 GMT 30 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — Yi Song-ho, acting chairman of the Central Committee of the DPRK Red Cross Society, sent an urgent message today to Kang Yong-hun, president of South Korea's Red Cross, at the news that Kim In-so, an unconverted long-term prisoner in South Korea, was suddenly in a critical condition after cerebral hemorrhage.

The message says:

"I am told that Kim In-so fell ill from a serious cerebral hemorrhage on July 29 and has been in a critical condition, paralyzed on the left side.

"The patient needs intensive first aid and warm care. However, he has no medical service but attendance of his room-mate, Kim Yong-tae, who is also an unconverted long-term prisoner.

"No one can deny that his cerebral hemorrhage is a result of mental and physical sufferings after a long prison life, senile monophobia and a sense of oppression caused by continued supervision and control.

"It is a heart-rending tragedy that the old man who should already have returned home and enjoyed protection by his children is living in a lonely way without any medical treatment, though he is in a critical condition.

"I urgently ask your side to return the old man without delay from the compatriotic and humanitarian point of view to the northern half of the country where his family is waiting, though it is a bit late.

"I hope you will take an immediate measure to return him lest something extreme should happen to his health."

DPRK: Korean Youth in Japan Criticise Kim Yong-sam Regime

SK3008102896 Pyongyang KCNA in English 0813 GMT 30 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Tokyo, August 28 (KNS-KCNA) — Korean youth and students in Japan met in Tokyo Tuesday to denounce the Kim Yong-sam fascist clique's brutal suppression of the South Korean Federation of University Student Councils and students affiliated with it.

Paek Il-su, vice-chairman of the League of Korean youth in Japan, made a report at the meeting, which was followed by speeches.

The reporter and speakers said that the Kim Yong-sam group's fascist crackdown has surpassed that of the successive military dictators of South Korea in cruelty and meanness and it is an indelible anti-national crime in the nation's history.

They stressed the youths and students in Japan will conduct in different parts of Japan vigorous activities for disclosing and condemning the "civilian"-veiled fascist group's unprecedented bloody suppression.

A letter of protest was read out at the meeting.

DPRK: Protest Held in Canada Against ROK 'Brutal Suppression'

SK3008053896 Pyongyang KCNA in English 0339 GMT 30 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — A demonstration was reportedly held in front of the South Korean "embassy" in Ottawa on August 24 to protest against the South Korean fascist clique's brutal suppression of students.

It was sponsored by the "Special Committee for the Reunification of Korea and the Withdrawal of the U.S. Troops From the Korean Peninsula".

The protesters bitterly condemned the Kim Yong-sam fascist clique for their barbarous, criminal suppression of the students who were participating in the August 15 reunification events.

They shouted the slogans calling for an immediate halt to the bestial suppression by the South Korean fascist clique and for the reunification of Korea and the U.S. troop pullout from South Korea.

They also called upon the government of Canada to express indignation, together with the Canadian people, at the open fascist suppression by the South Korean authorities.

A delegate of the committee told the protesters that the committee would conduct positive activities to support the reunification of Korea and to get the U.S. troops withdrawn from South Korea.

DPRK: Flag of World Youth Festival Handed to Cuba as Next Host

SK2908224596 Pyongyang KCNA in English 0952 GMT 29 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 29 (KCNA) — The flag of the 13th World Festival of Youth and Students held in Pyongyang was conveyed to the Union of the Young Communists of Cuba (UYCC), which is to sponsor the 14th festival, with due ceremony here today.

Choe Yong-hae, first secretary of the Central Committee of the Kim Il-song Socialist Youth League, handed the flag to the visiting UYCC delegate, Rogelio Polanco Fuentes.

Present at the ceremony were vice-president of the World Federation of Democratic Youth (WFDY) Claudionor Damasceno, Coordinator for the Asian-Pacific region of the WFDY Tsuyoshi Ito, the visiting delegation of the Ministry of Youth Affairs of Pakistan led by Minister Ch. Nouraiz Shakoor Khan and other foreign delegations and delegates to the celebrations of the Fifth Youth Day in the Democratic People's Republic of Korea.

The Cuban ambassador here was also on hand (?as) speeches were made at the ceremony.

DPRK: Visiting Youth Day Delegations Pay Respects to Kim Il-song

SK3008054296 Pyongyang KCNA in English 0341 GMT 30 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — A Guinean Government delegation led by Minister of Public Health Kandjoura Drame, and the delegation of the Ministry of Youth Affairs of Pakistan headed by Minister Ch. Nauroz Shakoor Khan, and other delegations and delegates of foreign youth organizations that had taken part in the celebrations of the fifth anniversary of youth Day visited the Kumsusan Memorial Palace on Thursday [29 August].

They expressed their respects before the statue of the great leader President Kim Il-song and made bows to him, who lies in state at the palace.

They looked around the relics used by the president.

They wrote their impressions in the visitor's book.

The head of the Guinean delegation wrote that President Kim Il-song is a peerlessly great man who lightened the world and performed such great exploits as others could not.

The head of the Pakistani delegation set it down that he hopes the Korean people will make the country more prosperous, as wished by the president.

DPRK: Visiting Indian Politician Presents Gift to Kim Chong-il

SK3008102796 Pyongyang KCNA in English 0817 GMT 30 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — The Great Leader Comrade Kim Chong-il received a gift from the Central Committee of the All-India Forward Bloc.

Anil Mukherjee, member of the Secretariat of the Central Committee [C.C.] of the All-India Forward Bloc who is on a visit to Korea, handed the gift to Hwang Chang-yop, secretary of the C.C., the Workers' Party of Korea, on Thursday.

DPRK: Secretary Hwang Chang-yop Meets Italian Politician

SK2908224196 Pyongyang KCNA in English 0954 GMT 29 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 29 (KCNA) — Secretary Hwang Chang-hyop of the Workers' Party of Korea Central Committee today met and had a friendly talk with the friendship visiting group of the Movement for Peace and Socialism of Italy headed by its International Secretary Paolo Pioppi.

The head of the group said that Korea is defending and advancing socialism, invariably pursuing an independent line and policy.

The authority of the Workers' Party of Korea is rising in the world, which shows that the Korean style socialism is a mature socialism, he noted.

He stressed that his party would strive hard to further tighten the friendly relations between the two parties.

DPRK: Visit by Japanese Ships Part of ROK's 'Pro-Japanese' Policy

SK3008032996 Pyongyang KCNA in English 0218 GMT 30 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — The puppet Defence Ministry of South Korea on Wednesday [28 August] announced that Japan's "Maritime Self-Defence Force" training fleet consisting of a training ship "Kashima" and an escort "Sawayuki" with 547 sailors aboard, will pay a call at the port of Pusan from September 2 to 6, according to a foreign news report.

This entry into South Korea by the Japanese warships will be the first after the war.

The sailors of the fleet will be visiting, during their stay, the puppet Defence Ministry and a navy academy and Panmunjom in the forefront.

The planned entry is a product of Kim Yong-sam's pro-Japanese treacherous policy and the Japanese militarists' moves for reinvasion. This well shows where the dangerous military tieup between South Korea and Japan has reached.

DPRK: Visiting Peruvian Leftist Praises Kim Chong-il

SK3008102996 Pyongyang KCNA in English 0820 GMT 30 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — Tani Baler Lopera, general secretary of the National Executive Committee of the Left Revolutionary Union of Peru, on a visit to Korea, expressed reverence for the Great Leader Comrade Kim Chong-il who has indicated the road ahead of the times through his distinguished ideological and theoretical activities and added lustre to socialism with his energetic guidance.

Comrade Kim Chong-il, he said, is a world-recognized statesman who is developing the struggle for socialism, communism and independence against imperialism in a creative and unique way on the revolutionary principle. And he is an outstanding leader of great authority in the struggle for the revival of the socialist movement and a hope of the progressive revolutionary forces fighting against the imperialists and reactionaries and for independence, Lopera noted, and stressed:

"Seeing the reality of Korea prospering under his wise leadership, I came to realize how the principles of chuche [philosophy of self-reliance] should be applied in the building of socialism and how the superiority of socialism, a genuine society for the masses, should be displayed."

The harmonious whole of the leader and the people is a clear evidence showing the invincibility of Korean socialism.

DPRK: Prosecutor's Office Delegation Departs for PRC 26 Aug

SK3008055396 Pyongyang Korean Central Broadcasting Network in Korean
1300 GMT 26 Aug 96
— DPRK-owned central radio network

[FBIS Translated Text] A friendship delegation of the Central Prosecutor's Office headed by Han Chi-sol, first deputy prosecutor general, left Pyongyang today by train to visit the PRC. Im Wan-sik, deputy prosecutor general of the Central Prosecutor's Office, and (Zhu Dong-yi), minister and councillor of the PRC Embassy in our country, saw the delegation off at Pyongyang Station.

DPRK: Pyongyang Hosts Asia-Pacific Conference of Democratic Youth

SK2908224296 Pyongyang KCNA in English
0828 GMT 29 Aug 96 — Official DPRK news agency

[FBIS Transcribed Text] Pyongyang, August 29 (KCNA) — An Asia-Pacific regional conference of the World Federation of Democratic Youth was held here today. Present at the conference were delegations and delegates of youth organizations in Asia and the Pacific, including delegations of the Youth League of the DPRK, the Communist Youth League of China and a delegate of the Japan League of Socialist Youth. The conference heard information about activities of youth organizations of each country and speeches on the action programs.

DPRK: KCNA Reviews 30 Aug Pyongyang Press

SK3008053296 Pyongyang KCNA in English
0354 GMT 30 Aug 96 — Official DPRK news agency

[Press review]

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — NODONG SINMUN today carries a consolatory message the great leader Comrade Kim Chong-il received from Pakistani Prime Minister Benazir Bhutto over the flood damage in Korea.

It is reported in the paper that Comrade Kim Chong-il, supreme commander of the Korean People's Army, sent thanks to officials, working people and students for fully displaying the traditional trait of army-people unity.

The publication of the seventh volume of the anti-Japanese revolution, to first part of the great leader President Kim Il- song's reminiscences "With the Century", (posthumous edition) was reported by the Austrian magazine DIPLOMATISCHER PRESSEDIENST, says the paper.

Foreign news media reported about Comrade Kim Chong-il's famous work "Let Us Exalt the Brilliance of Comrade Kim Il-song's Idea on the Youth Movement and the Achievements Made Under His Leadership", says the press. Seen in the press are words of people about the work.

NODONG SINMUN carries news that Comrade Kim Chong-il received messages of greetings and congratulatory letters from foreign countries and international and regional organizations on the occasion of the 43rd anniversary of the victory in the fatherland liberation war.

Papers convey news that a meeting was held 35 years since President Kim Il-song and Comrade Kim Chong-il inspected the first electric locomotive "red flag".

NODONG SINMUN edits an article saying that President Kim Il-song devoted himself to the cause for national reunification till his last moments.

Papers report that the Guinean Government delegation, delegations and delegates of foreign youth organizations and overseas compatriots visited the Kumsusan Memorial Palace to pay homage to President Kim Il-song.

The first Kimchongilia show will open here, says papers.

"Popular Masses Are Teacher Versed in Everything" is the title of a NODONG SINMUN article.

Papers report about innovation being effected in the domain of light industry as well as great efforts of the people across the country to heal flood damage.

The Kim Yong-sam group's brutal suppression of the South Korean Federation of University Student Councils is condemned by religious organisations of Korea and in many countries, says the press.

NODONG SINMUN in a commentary brands the "first verdict trial" for the military dictators of the "Fifth and Sixth Republics" as a political farce aimed at flouting the will of the people.

The Ulchi Focus Lens joint military manoeuvres of the U.S. imperialists and the South Korean puppets now at the final stage are under fire in papers.

Papers in commentaries say that the Blue Ridge's recent anchorage at South Korea was aimed at threatening the DPRK by force of arms and maintaining the colonial fascist ruling system in South Korea.

NODONG SINMUN in another commentary says that the U.S. "D'Amato Law" and "Helms-Burton Law" are rejected in many countries around the world.

Delegates of some international organisations at the 48th meeting of the UN Subcommission on Prevention of Discrimination and Protection of Minorities demanded that the Japanese Government compensate the former "comfort women for the Army", says the press.

International news of NODONG SINMUN includes reports that the president of Syria reiterated the principled stand of his country concerning Mideast peace process, the head of state of Libya called for regaining the antiquities of Arab and the head of the Palestine National Authority condemned the delay of the withdrawal of the Israeli troops.

Russia has set itself against NATO expansion schemings, says the press.

NODONG SINMUN deals with the prevalent corruption and irregularities in the countries where capitalism has been revived.

DPRK: Central Committee Official Hails Kim Chong-il's Youth Day Discourse

SK2908025696 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 27 Aug 96
— DPRK-owned central radio network

[FBIS Translated Text] Functionaries of the youth league and young people across the country who have received the discourse, "Let Us Exalt the Brilliance of Comrade Kim Il-song's Idea on the Youth Movement and Achievements Made Under His Leadership," given by Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, to the paper CHONGNYON CHONWI on the fifth Youth Day, are filled with boundless emotion and joy. They are overflowing with a resolute determination to vigorously fight for the victory of the chuche [philosophy of self-reliance] socialist cause by proudly flying the flag of the youth league, in which the fatherly leader's portrait is respectfully inscribed.

Choe Yong-hae, the first secretary of the Kim Il-song Socialist Youth League Central Committee, said:

[begin Choe recording] By receiving the discourse, "Let Us Exalt the Brilliance of Comrade Kim Il-song's Idea on the Youth Movement and Achievements Made Under His Leadership," given by the respected and beloved General Kim Chong-il to CHONGNYON CHONWI, the organ of the Kim Il-song Socialist Youth League Central Committee, on the fifth Youth Day, functionaries of the youth league and all young people throughout the country are filled with deep emotion and great joy.

Reflected in this immortal work is the general's firm determination and iron-clad will to advance forever the chuche-oriented youth movement in the manner of the respected and beloved Comrade Kim Il-song. Our youth movement has traversed the glorious path for the nation and the revolution and the proud road of victory under the great leader's [suryongnim] leadership. It is a great honor for all young people across the country to receive this immortal work.

Receiving the respected and beloved general's work, our young people again keenly and heartily realized the world of warm loyalty and filial piety of the respected and beloved general. The respected and beloved general is strengthening and developing our party founded by the leader [suryongnim] and our youth league provided by the leader [suryongnim] into the party of Comrade Kim Il-song and into the youth league of Comrade Kim Il-song forever.

In the work, the respected and beloved general pointed out that the fatherly leader opened the origin of the Korean youth movement at an early date and wisely led our youth movement. The fatherly leader trained young people to be reliable reserves of the party. Thanks to his leadership, the country's youth movement traversed the glorious road of victory.

The respected and beloved general stressed that at no time in our revolution's history did the youth act, even on a single occasion, as a burden and load to the party. They always upheld the party with loyalty and accomplished the party's line and policy at the van of others. Although there were a number of trials in the past, each time our young people staunchly defended the party and the leader [suryong] and implemented the party's intention and plans by sincerely upholding them. Thus, the respected and beloved general extended deep trust to our young people.

The immortal work by the respected and beloved general elucidated the programmatic tasks that will act as the brilliant guideline in glorifying the great Comrade Kim Il-song's [widaehan kim il-song tongji] idea on the youth movement and the achievements made under his leadership.

Indeed, the respected and beloved general's work is an encyclopedia that gave comprehensive answers to all theoretical and practical questions arising in the course of victoriously advancing our communist youth movement in the manner of the great leader [suryongnim]. It is a great program for the youth movement of our era and brightly indicated the road along which our youth league, which was named after the leader [suryongnim], should advance.

In the past the respected and beloved general formulated the Youth Day for the first time in history, and sent a historic letter overflowing with love and trust to young people across the country, marking the first Youth Day.

Today he saw that we splendidly commemorate Youth Day, and again sent a discourse containing his deep trust and lofty intentions to us on Youth Day. How can we fully explain the respected and beloved general's love toward our young people?

As a responsible functionary in the Kim Il-song Socialist Youth League, whose name is brilliant, I will more vigorously inspire all members of the youth league and young people across the country to accomplish the militant tasks set forth in the respected and beloved general's historic discourse, "Let Us Exalt the Brilliance of Comrade Kim Il-song's Idea on the Youth Movement and Achievements Made Under His Leadership." I will devote all my strength and wisdom to firmly preparing the five-million strong youth ranks to be the guns and bombs that defend the party and the leader [suryong] with their lives. [end recording]

South Korea

ROK: YONHAP Reports NAACP-Korean Controversy Over Michael Jackson Visit

SK2908105496 Seoul YONHAP in English 0713 GMT 29 Aug 96
— Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 29 (YONHAP) — The vociferous campaign by civic and religious groups to prevent the staging of two concerts by pop megastar Michael Jackson is inducing a protest from the leading African-American Civil Rights Organization in the United States.

Kweisi Mfume, president of the National Association for the Advancement of Colored People, warned a Korean pastor of a U.S.- based church, identified as "S" church, which supports the anti-Jackson drive Monday that unless the campaign is dropped and an apology conveyed by Sept. 1, the NAACP would publicize the campaign throughout the world.

Mfume said he wonders how Korea can judge the pop superstar since it had welcomed with open arms beleaguered soccer star Diego Maradona, who is now undergoing drug rehabilitation. Should the protests continue against Jackson, who was never officially charged with child molestation and has donated large amounts of money to charity, blacks would be left with no choice but to take action, he added.

The smear campaign against Jackson would damage the image of Korea as well as that of the pastor's church, which has some blacks in its congregation, Mfume indicated.

The Culture and Sports Ministry gave final approval on July 30 to the holding of two concerts on Oct. 11 and 13 at Chamsil Olympic Stadium by the reigning "king of pop," who has been guaranteed 2.2 million U.S. dollars for the performances.

Taewon Arts, the domestic promotions agent for the concerts, also reported that U.S. civil rights leader Jesse Jackson has expressed regret over the anti-Jackson campaign as well as a number of African-American organizations. It warned that the anti-Jackson campaign could fan Korean-black tensions again like the 1992 riots in Los Angeles.

A source at the church, while saying that the content of the warning had yet to be confirmed, remarked that he could not understand why such a threat was sent only to "S" church, in light of the fact that over 50 civic organizations representing religious, civil and women's groups are opposed to the superstar's concerts in Seoul.

The anti-Jackson campaign is not a ploy by the church to worsen Korean-black relations, the source insisted.

Meanwhile, the anti-Jackson joint committee here noted that even in America, various areas have prevented the singer from performing amid protests.

Skin color has nothing to do with the protest and the assertions by black organizations misunderstand the real meaning of the anti- Jackson movement in Korea, it added.

ROK: Foreign Ministry Denies Reports on DPRK Talks Proposal

SK3008025096 Seoul YONHAP in English 0245 GMT 30 Aug 96
— Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — The Foreign Ministry denied reports Friday that North Korea recently made a counterproposal suggesting that South and North Korea and the United States hold a tripartite meeting instead of a four-party consultation proposed by South Korea and the United States last April.

"The report is totally ungrounded," a statement said. "North Korea has never made such a proposal, although negotiations are under way regarding a (South Korea-U.S.) joint briefing to North Korea."

North Korea has yet to give an official reaction to the four- party meeting proposal, the statement said.

South Korean and Japanese reports have said recently that a U.S. State Department official, who recently returned from a trip to Pyongyang, brought a counterproposal from the North that suggests three-way peace talks that exclude China.

ROK: DPRK Reportedly Proposes Three-Way Talks

OW3008050596 Tokyo NHK General Television Network in Japanese 2117 GMT 29 Aug 96

[Announcer-read report; from the "Ohayo Nippon" program]

[FBIS Translated Text] It is learned that with regard to the four-way talks proposed recently by South Korea and the United States to stabilize the situation on the Korean peninsula, North Korea (the DPRK) has indicated that the proposal is not acceptable, and presented a counterproposal on three-way talks excluding China.

This was revealed by a U.S. State Department official who visited the DPRK recently to the ROK. North Korea proposes that preparatory meetings should first be held between the United States and North Korea to realize the three-party meeting among North and South Korea and the United States.

This North Korean proposal indicates that the DPRK's position of giving priority to talks with the United States without South Korea remains unchanged. In any case, prospects for the realization of both proposals remain uncertain.

ROK: Japanese Daily—DPRK To Open Hong Kong Trade Office in Sep

SK3008034096 Seoul YONHAP in English 0221 GMT 30 Aug 96
— Semiofficial news agency of the ROK

[FBIS Transcribed Text] Tokyo, Aug. 30 (YONHAP) — North Korea plans to open its trade office in Hong Kong in the middle of next month ahead of Hong Kong's return to China next July, the SANKEI SHIMBUN here reported Friday from Hong kong.

Quoting Won Ho-yong who has been designated as the first head of the North Korean Trade Office in Hong kong, the report said the projected trade office will be run exclusively by instructions received from the Pyongyang regime.

Won, an American citizen of Korean ancestry, presently heads the Young Trading and Investment Co. in Hong kong that specializes in business with North Korea.

Won reportedly said that even when the planned trade office opens under the direct control of the Committee for the Promotion of External Economic Cooperation, it won't initially have any North Korean officials because the British Government does not issue Hong Kong visas to North Koreans.

The report quoted won as saying that the opening of the trade office has been ordered by Kim Chong-u, vice chairman of the External Economic Affairs Commission and chairman of the Committee for the Promotion of External Economic Cooperation.

"In reality, however, Kim Chong-il gave permission to set it up," Won said, explaining that the trade office will be initially staffed by young trading and investment officials. "But, the North Korean Government will be responsible for its activities."

Diplomatic sources in Hong Kong, SANKEI said, observed that no diplomatic prerogatives would be given to the trade office which, they said, would be treated as an ordinary private company.

After Hong Kong is returned to China next July, North Korean officials will be posted at the trade office which may be upgraded to a North Korean consulate then, the report said.

ROK: South Koreans Allowed Residency in DPRK for First Time

SK3008020096 (Internet) The Joong-Ang Ilbo WWW in English 30 Aug 96

[FBIS Transcribed Text] North Korea allowed the employees in charge of accounting at a South Korean conglomerate Daewoo, to reside in the nation for the first time. Daewoo recently set up a joint-venture with a North Korean company in the North's Nampo factory complex. This will mark the first time that South Koreans will reside in the North aside from long-term stays of from 1-2 months previously allowed to Daewoo employees and members of a team who investigated the site of a light-water reactor. Director Kim Yong-il in charge of promoting exchanges at the Unification Ministry disclosed the details at a lecture sponsored by the Korea Chamber of Commerce yesterday.

ROK: Paper on Background, Meaning of DPRK Rice Talks Proposal

SK2908050796 Seoul CHOSON ILBO in Korean 29 Aug 96 p 2 — South Korea's largest and oldest daily; strongly nationalistic and anti- North Korean

[By reporter Kim Yon-kwang]

[FBIS Translated Text] It is predicted that North Korea's proposal for the "Beijing rice talks" will be a new variable in the four-way talks issue. The issue of the four-way talks is currently showing no results at all because North Korea has "refused to respond." Both the ROK and the United States expressed the position that "if North Korea responses to the talks, the issue of assistance to the North can be discussed." However, North Korea is all the more clearly revealing the intention that "it must receive assistance before participating in the talks."

The proposal North Korea made this time is designed at holding separate talks to discuss the issue of assistance, such as grain aid. If there are results at the talks, North Korea expressed the position that it may accept a joint explanatory meeting regarding the North, which is in reality the first step of the four-way talks. Thus, it is in reality setting up the rice talks as a precondition for holding the four-way talks.

This can be explained as North Korea's intention to discuss the issue of establishing a peace system on the Korean peninsula at the four-way talks, while discussing economic issues at Beijing-type talks. Such a "separate measure" reflects how the issue of resolving North Korea's food shortage is more immediate than the issue of four-way talks. It also reflects North Korea's own calculation that it can obtain more from Beijing-type talks than from the four-way talks. If South-North Beijing-type talks are achieved, North Korea will be able to secure the justification that it held South-North dialogue, thus, it can obtain the driving force for improving relations with the United States.

North Korea has been persistently demanding a resumption of the Beijing talks, which were suspended late last September. This proposal is noteworthy because of the fact that the proposal made this time links the Beijing talks with the four-way talks. It is still unknown whether our government will accept this proposal by North Korea. It falls considerably short of the conditions for resuming the rice talks which the government had put forth, irrelevant of the four-way talks.

However, there are opinions in some sections of the government that they cannot just remain an onlooker, and therefore "some concrete results must be made" in North Korea's proposal. We are at an important juncture regarding how the variables in the four-way talks issue will develop since the talks were first proposed four months ago.

ROK: Paper Alleges Thousands of ROK POW's Working in DPRK Mines

SK2608093496 Seoul CHUNGANG ILBO in Korean 26 Aug 96 p 1 — Widely read daily newspaper owned by the Samsung Business Group

[By correspondent Yu Sang-chol from Hong Kong]

[FBIS Translated Text] It was learned that thousands of ROK Army Prisoners of War [POW], who were forcibly detained in North Korea after being seized by the North Korean People's Army during the Korean war and who were not able to return at the time of POW exchange, are known to be living miserable lives even now, generation after generation, being abused by compulsory work in many mines in South Hamgyong Province.

This was revealed by Tong Yong-sop (52), who defected to the ROK on 21 August via the PRC and Hong Kong after working more for than 20 years as a miner at the Yongyang mine in Hochon County, South Hamgyong Province. He testified about this to related Hong Kong authorities just before being handed over to the ROK.

The miserable lives of the POW's who were mobilized for compulsory labor while being detained in North Korea have been partially revealed by former Lieutenant Cho Chang-ho, who escaped from North Korea in 1994. However, it has been revealed for the first time that the POW's are even now being mobilized for compulsory labor, and that the names and locations of the mines they are working at have become known. Therefore, urgent measures by the government and the international community are necessary.

Through his testimony in Hong Kong, Tong revealed that 1,000 workers out of the 10,000 workers at the Yongyang mine, a magnesite mine where he used to work, were ROK Army POW's.

He also testified that thousands of the POW's were suffering from compulsory labor under tight supervision at the Komdok mine, which is about five ri away from the Yongyang mine.

According to Tong, the POW's were mobilized for construction work, such as the removal from railways of unexploded shells from the UN Forces until the mid-1950's. Since the late 1950's they have been dispatched to mines, and have never gone outside in the last 40 years.

Tong also said that even their children are strictly cut off from the outside, because they are prohibited from traveling, and that compulsory labor is being handed down to their children. Thus, all their children are dispatched to work inside the mining pits.

According to his testimony, Tong asked the POW's working with him: "Did you not remain in North Korea of your own accord?" But the POW's cried out, "I definitely did not remain her of my own accord." Tong said that "they desperately longed to return to the ROK." Thus, there is a desperate need for the government and the international community to take measures for the repatriation of the POW's.

It is estimated about 42,000 ROK soldiers became POW's of North Korea during the Korean war. However, only 8,000 POW's were been repatriated during the POW exchange, and many still seem to be alive.

Tong also revealed that his father, Tong Chang-mo, autonomy chairman of Yigok-myon, Pukchong County, had been arrested and stoned to death after helping the ROK and the UN Forces to send about 570 people to the South during the Korean war. Because of this, Tong had been living a life not up to human standards, because his family had been branded an impure family.

ROK: Air Force Concerned DPRK May Take Advantage of Air Routes

SK2808041996 Seoul THE KOREA TIMES in English 28 Aug 96 p 3 — Daily English-language newspaper published by HANGUK ILBO

[Report by staff reporter O Yong-chin]

[FBIS Transcribed Text] The ROK Air Force [ROKAF] is less than enthusiastic about the opening of air routes passing through North Korean air space, about which Seoul and Pyongyang will initiate negotiations Sept. 10-13 in Bangkok.

"Because the two Koreas remain technically at war, we can't completely preclude the possibility that the North may take advantage of the situation," a senior ROKAF officer said, adding that the Air Force will not make known its official position on the issue until it sees what possible routes will emerge from the negotiations.

"We object, however, to routes close to land as it would cut the time it takes Air Force jets to respond in case of aerial intrusions by North Korean fighters," he said on condition of anonymity.

The North recently declared that it would open its skies by December this year. Should routes be established connecting American destinations to Seoul through the North, it would significantly reduce flight time and save airlines a lot in terms of fuel costs.

Despite the apparent economic gains such routes will carry, the military establishment is not convinced and fears the worst case scenario.

"Although the Air Force is quite confident that it can detect at the early stage and intercept enemy aircraft on an intrusion mission, it is not out of the question that they might shadow civilian aircraft and enter our air space without being detected until the last minute," he said.

This fear has as its basis the fact that the North's flight information region [FIR] is connected with that of the South. In a country's FIR, incoming aircraft are required to report and fly under its guidance. Especially the South's FIR over the East Sea [Sea of Japan] is almost identical to that of its militarily important Korea Air Defense Identification Zone [KADIZ]. The ROKAF is required to identify all aircraft flying in the KADIZ.

Another ROKAF official said that the new routes will also increase the traffic volume of aircraft entering South Korean air space through the North and thus put a strain on the Air Force's monitoring capabilities.

Adding to the Air Force's fears is the fact that the North has yet to sign an international pledge not to endanger civilian aircraft straying into its air space.

Over 70 countries have signed the pledge, which was prepared by the International Civil Aviation Organization following the downing of a Korean Air passenger jet which strayed into Soviet Union air space in October 1983.

In response, the Construction-Transportation Ministry said that the Air Force's fears are groundless and unnecessary in view of the many routes already in place between hostile countries.

"Civilian aircraft identify themselves according to ICAO [International Civil Aviation Organization] regs and there is little possibility that the Air Force may confuse their signals and those of military planes on radar, especially considering the fact that the FIR over the East Sea is large enough to give ample time to respond in case of contingencies," a ministry official said.

ROK: Kim Tae-chung To Visit Australia, Philippines, PRC, U.S.

SK2708032296 Seoul YONHAP in English 0226 GMT 27 Aug 96 — Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 27 (YONHAP) — Opposition leader Kim Tae-chung will depart Saturday for Australia to begin what some observers are calling his "presidential campaign diplomacy."

The president of the National Congress for New Politics (NCNP) will visit four nations — Australia, China, the Philippines and the United States — over the next few months in an apparent effort to strengthen his presidential bid.

In Australia, Kim Tae-chung will receive an honorary doctorate in law from the University of Sydney and deliver a speech entitled "Searching for Democracy in Asia." Staying until Sept. 5, he will meet with members of Australia's upper and lower houses and cabinet members.

At the beginning of October, the opposition leader will travel to Tianjin, China, to attend an Asia-Pacific peace seminar. Afterwards, he will go to Manila to participate in an international conference hosted by democratic leaders from Asia for democracy in Burma.

His U.S. trip is set to begin in December, with Kim reportedly pushing for meetings with the November presidential election winner and leaders from various American political circles. Kim's contact in the United States, the Institute for Korean Human Rights Issues, has reportedly been in contact with presidential candidates Bill Clinton and Bob Dole.

With South Korea's presidential election slated for next year, Kim is seen as promoting his own Chongwadae [presidential offices] bid through his meetings with leading U.S. politicians, though he has said that he will decide whether to run or not next spring.

After going to Los Angeles for the anniversary celebration of the publishing of the English-language version of his work, "For a New Beginning," Kim plans to fly to Washington for a 10-day visit.

Kim's "campaign diplomacy" strategy has apparently rubbed off on NCNP Chairman Kim Sang-hyon, who has pressed for the party to select its candidate through open competition.

The chairman left last weekend for Japan; afterwards, he will fly to Washington to give an address on South Korea's presidential elections and inter-Korean issues at the National Press Club on Sept. 5.

ROK: President of Gabon Arrives in Seoul for Three-Day Visit

SK3008034896 Seoul YONHAP in English 0223 GMT 30 Aug 96 — Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — President El Hadj Omar Bongo of Gabon flew into Seoul Friday to expand business relations between the two countries.

Scheduled to stay until Sunday [1 September], Bongo will meet with President Kim Yong-sam and Korean business leaders including those from Daewoo and Hanhwa Business Groups.

Bongo's visit is part of his Asian tour that also includes China, Japan and Hong Kong. He has made two previous visits in 1975 and 1984.

ROK: Government-Hanbo 'Brawl' Over Russian Gas Project Viewed

SK2608005896 Seoul THE KOREA HERALD in English 26 Aug 96 p 8 — Generally pro-government English-language daily

[FBIS Transcribed Text] Amid the government-business dispute here over who will take the lead in the development of Russian gas mines, some Japanese firms are making strong moves to take the project away, local business sources said.

Mitsui Corp., a Japanese trading giant, will soon embark on a feasibility study to sound out the commercial viability of gas development projects in the Ankarask and Irkutsk fields, East Siberia, along with its Russian partners, according to the sources.

The Japanese firm's plan is to develop oil and natural gas in East Siberia and transport them to the Pacific coast through pipelines, said the business officials.

"Development of gas in a joint venture with local partners is the first stage in Mitsui's project," they said.

Two Russian oil companies will likely participate in the feasibility study and the U.N. Industrial Development Organization (UNIDO) is expected to provide technical assistance, they said.

One of the two Russian partners, Sidanko, is the parent group of Russia Petroleum (RP), from which the Korean developer, Hanbo Group, acquired a 27.5-percent equity to become the concessionaire of Irkutsk gas mine.

The Ministry of Trade, Industry and Energy (MOTIE), however, later made it clear that it would not approve Hanbo's sole development of the Russian gas field and insisted that the project be undertaken by a Korean consortium of eight companies led by the state-run Korea Gas Corp.

Faced with the ministry's opposition, Hanbo delayed its payment of $25 million to a Russian seller and was allowed by the latter to extend the deadline it until the end of this month.

The MOTIE-Hanbo brawl over the Russian gas development had nearly escalated into a diplomatic issue between Seoul and Moscow as a Russian deputy premier sent a letter of protest over the ministry's intervention. An interagency Korean delegation soon visited Russia and reconfirmed the Seoul government's intention to participate in the project.

Immediately after the ministry's rejection of Hanbo's project plan, Japanese companies — including Mitsui, Sumitomo and Marubeni — reportedly jumped in, promising a $3.1-billion financial aid in exchange for the development rights of the gas mines, the business officials said.

A ministry official, asked to confirm the business officials' remarks about the project, said "it is premature to conclude that the project has fallen into Japanese hands.

"Based on our confirmation through 'inside' route, Mitsui's plan to make a feasibility study proved to have little credibility," said the official, who preferred to remain anonymous.

A Hanbo official, however, said that the group is going all out to work out countermeasures against Japanese competitors vying over the same project.

ROK: Peruvian Embassy—Kim Yong-sam Visit To Aid Bilateral Trade

SK3008033896 Seoul YONHAP in English 0204 GMT 30 Aug 96 — Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — The scheduled visit of President Kim Yong-sam to Peru next month will greatly boost its already-growing bilateral trade with South Korea, the Peruvian Embassy said Friday.

"We expect that the summit-level discussions between our two countries will give a major impetus to our cooperation in different fields, including economic issues," an embassy official told YONHAP.

President Kim Yong-sam will visit Peru between Sept. 12-14, the first South Korean head of state to do so. His trip will reciprocate the 1993 Seoul visit of his Peruvian counterpart, Alberto Fujimori.

Lima seeks new targets in mutually beneficial economic activities and cooperation in mining, agriculture, fisheries, promotion of commercial exchanges, investment in natural resources and infrastructure, and science and technology transfers, he noted.

It is also pushing for the expansion of bilateral financial and technical cooperation programs and exchanges in the cultural and tourism sectors, he added.

Bilateral ties were established in 1963 and two-way trade last year, mostly in petroleum, exceeded 300 million U.S. dollars, nearly double the figure in 1992.

"Peruvian and Korean business communities have much to offer each other, and it will be easy to find local partners for joint ventures or arrange for direct investments."

The official stressed the need for more business information, personal contacts and strategic alliances based on economic complementaries between the two nations to enter a new era of bilateral cooperation.

Peru's economy has recently been growing at a 3-4-percent clip annually and the rate is expected to rise to 6 percent in the near future, he said.

The nation's second stage of economic reforms is based on fiscal and monetary austerity, deregulated markets, privatization of the public sector and a climate conducive to market competition and foreign investment, he pointed out.

ROK: PRC Envoy on Four-Way Talks, Aid to DPRK

SK3008043596 Seoul SISA JOURNAL in Korean 5 Sep 96 pp 38-39 — Weekly newsmagazine

[Interview with Sun Yuxi, charge d'affairs of the PRC Embassy (ambassador-level councilor), by reporter Pyong Chang-sop — place and date not given; first paragraph is SISA JOURNAL introduction]

[FBIS Translated Text] On 24 August, the ROK and the PRC celebrated the fourth anniversary of the establishment of diplomatic relations between the two countries. The two countries have seen a noteworthy expansion in the sector of trade and personnel exchanges. However, people point out that satisfactory progress has not been registered in large-scale projects, which have significant national interests, and diplomatic cooperation between the two countries. In addition, the PRC has not shown a clear position toward the four-way talks proposed jointly by the ROK and the United States some time ago. The reporter met with Sun Yuxi, charge d'affairs (ambassador- level councilor) of the PRC Embassy in Seoul, on the fourth anniversary of the establishment of

ROK-PRC diplomatic relations. Zhang Tingyan, Chinese ambassador to the ROK, is in China on vacation. The reporter listened to his views on pending issues between the ROK and the PRC and the issue on four-way talks. He is known as an expert on international affairs in the PRC Foreign Ministry. He came to Seoul last September and this is his first stint in the ROK.

[Pyon] Please comment on your impression while serving in the ROK for the past one year.

[Sun] I have grown up mixing well with the Korean people since my childhood because my home town is Harbin. I enjoy eating kimchi, bulgogi and naengmyon. When I went to other Asian countries, I felt myself as a foreigner. Since I came to Korea, however, I feel completely at home. It seems to me, though, that the Korean people are very hasty and attempt to do things at a time. They also tend to make exaggerations when mentioning a certain issue.

[Pyon] With the incidents of Koreans being kidnapped in Yanbian and murdered in China, people have been paying attention to the public security status there. What are the measures of Chinese authorities to cope with this situation?

[Sun] The PRC is clearly opposed to the crimes committed by foreigners against a third country citizen within China. If such a crime is committed, China also suffers damage. I believe that when such an incident takes place, relevant countries should cooperate and keep step with China to prevent the recurrence of such crimes. With regard to the personal safety of Koreans, Chinese public security authorities are fully cooperating with the ROK Embassy in the PRC.

[Pyon] People pointed out that North Korea has been involved in the case of kidnapping a Korean in Yanbian.

[Sun] China reinforced the police forces for public security in the Yanbian area. China and related countries should cooperate with each other to seek a basic solution to such incidents. I personally believe that North and South Korea should achieve peaceful reunification as soon as possible to dispel inter-Korean confrontation. Even prior to this, the North and the South should promote mutual understanding and build mutual trust through inter- Korean exchanges.

[Pyon] According to a South Korean who recently visited North Korea, China offered hundreds of thousands tonnes of rice to North Korea through an unofficial channel. Is this true?

[Sun] That is untrue and groundless. China gave a grant-type aid to North Korea on three occasions last year and this year. The first aid amounted to 30 million yuan (approximately 3 billion won); the second was 20,000 tonnes of food; and the third totaled 100,000 tonnes of rice. These aids have already been known to the public. There was no other aid except them.

[Pyon] What is China's stand on giving rice to North Korea?

[Sun] China's fundamental principle is to maintain peace and stability on the Korean peninsula; to help North Korea resolve food shortages; and to help humanitarian assistance to the North Korean people suffering from flood damages. When it gives aid to a foreign country, China does not attach any conditions. This is the consistent policy of the PRC.

[Pyon] A high-ranking North Korean official has recently mentioned the possibility of realizing the four-way talks with the participation of North Korea, South Korea and the United States, thus excluding China. What is China's position toward this?

[Sun] I learned this from a newspaper report. I have not heard this from official channels.

As a signatory to the Armistice Agreement and as a neighboring country of the Korean peninsula, China has an intention to play a constructive and positive role in the process of the four-way talks.

In connection with the four-way talks, the PRC wants peace and stability on the Korean peninsula; and hopes that North and South Korean authorities start negotiations and continue to hold dialogue patiently to achieve peace and stability. Concerning the form of the talks, I hope that relevant countries work out a reasonable plan through plenty of negotiations.

[Pyon] Do you mean that the PRC is willing to participate in the four-way talks?

[Sun] As I mentioned earlier, I would like to stress again that China is ready to play a constructive and positive role.

[Pyon] My understanding is that you meant China will participate in the talks, is that right?

[Sun] I think I have already commented on this clearly. However, since it is a very sensitive issue, I would like to refrain from making further remarks. However, I would like to add that if all relevant countries want China to participate, China will have no difficulty in participating.

[Pyon] If North Korea requests the PRC not to participate in the four-way talks, how will the PRC react?

[Sun] Since the issue of the four-way talks is the question related to the Korean peninsula, it is important for North and South Korea to reach an agreement first (on the PRC's participation). Otherwise, it would be difficult for China to do something. China will continue its efforts for the resumption of dialogue between North Korea and South Korea and for the improvement of North-South relations.

[Pyon] Do you think that North Korea, which is suffering from serious economic difficulties, can make a soft-landing?

[Sun] We should help North Korea overcome its difficulties. I believe that if North Korea succeeds in enduring the difficulties, it is possible for the North to make it.

[Pyon] The joint-venture project for manufacturing the medium- size aircraft ended in failure. The project has been introduced as a symbol of bilateral economic cooperation after an agreement was made during the ROK-PRC summit in 1994. What is the reason for this?

[Sun] The greatest point of contention during the negotiations between the two countries is who will own the final assembly plant for the 100-seater medium-size aircraft. The PRC has experience in the field of aircraft development for 49 years and possesses sufficient facilities for this. Moreover, China has the market for this medium-size aircraft. However, in order to develop its own aviation industry, the ROK alleged that the final assembly plant should be built in the ROK. Because of this, the negotiations failed to come to a conclusion and remained unsettled. This being the case, China was forced to seek a new partner in the face of a possibility of losing aircraft markets. It is almost certain that China will launch a tripartite joint-venture project with the AIA [expansion of acronym unknown] in Europe and the Science and Technology Limited Corporation in Hong Kong.

[Pyon] China has decided to do so because the final assembly plant will be built in China?

[Sun] That is right. During the final negotiation talks held from 17 to 18 June, the Chinese side allowed the ROK to participate. At the talks, the PRC proposed to South Korean enterprises a plan to undertake interior decoration work and painting of the aircraft and to have a 10-percent share. However, the ROK side demanded a minimum 25-percent share, and China was not in the position to accept this. Therefore, China is not responsible for the talks breaking down and I regret this development. However, Chinese leaders still attach importance to aircraft cooperation projects between the ROK and the PRC. A large-scale delegation led by Wang Zhongyu, minister of the State Economic and Trade Commission who is in charge of PRC-ROK industrial cooperation, will soon visit the ROK. The delegation will be accompanied by 20 high-ranking government officials, including those in charge of aviation projects. The prospect for industrial cooperation between the ROK and PRC is very bright.

[Pyon] Do you think that relations between the ROK and the PRC will become uneasy due to the failure in negotiations over the joint-venture project to produce medium-sized aircraft?

[Sun] Relations between the two countries should not be damaged by this issue. Although negotiations for medium-sized aircraft failed, similar opportunities can occur at any time in the future.

[Pyon] What are the pending issues in the economic field between the two countries on the fourth anniversary of the establishment of diplomatic relations?

[Sun] The bilateral trade has drastically increased over the past four years. The amount of this year's trade between the two sides is expected to exceed $22 billion. However, the problem is the increase in China's deficit. China's 1995 trade deficit with the ROK amounted to $3 billion, and the deficit is estimated to further increase this year.

ROK: Daily Urges ROK, PRC, To Become 'Partners' in 21st Century

SK2408112696 Seoul SEOUL SINMUN in Korean 24 Aug 96 p 3 — Government- run daily newspaper

[Editorial: "ROK and PRC Should Be Partners in the 21st Century"]

[FBIS Translated Text] The year 1992, when the ROK and PRC established diplomatic relations, was a time of confusion, when the cold war system collapsed and a new international order was being sought. Thus, the establishment of ROK-PRC diplomatic relations worked as a diplomatic turning point, laying the foundation for a new order in Northeast Asia.

ROK diplomacy, which had leaned toward the United States and Japan for over a half century, vigorously advanced toward the North, and the PRC tried to make great diplomatic reforms in order to plant its power of influence in the southern half of the Korean peninsula.

In marking the fourth anniversary of the establishment of diplomatic relations between the two countries, one could not overemphasize the importance of relations between the two countries, however much one tried. The PRC possesses a certain degree of diplomatic influence over issues concerning the Korean peninsula. Therefore, the PRC is indeed an important country for stability on the Korean peninsula and for its reunification.

The PRC saw high economic growth that averaged 9 percent annually for the past 16 years. Some estimate that in 2020, the PRC will outstrip the United States in terms of overall GNP. The United States has already assumed the PRC will be a potential rival and is implementing its foreign policy based on this assumption. This being the case, the establishment of diplomatic relations between the ROK and the PRC has worked as a diplomatic cornerstone that will play an important role in building a new balance of power in Northeast Asia.

The PRC has become the ROK's third largest trading partner, and the ROK is now the PRC's sixth largest trading partner. In addition, the PRC is the country in which the ROK has made the greatest foreign investment. Thus, the PRC has become our important partner in terms of economic cooperation; it is standing before us as a superpower of the 21st Century. Now the ROK and PRC should seek development as economic and diplomatic partners of the next century by rising above the present relations.

However, ROK-PRC relations will not always remain good. As an immediate task, a contest of strength awaits us over such complicated issues as the marine zone negotiations following the declaration of the Exclusive Economic Zone, fishery negotiations and the like. In addition, there is a high potential for discord between the two countries over the environment issue.

Nevertheless, ROK-PRC relations are, in general, in the pink. We may say that the establishment of diplomatic relations between the ROK and the PRC has opened up the horizon for boundless economic and diplomatic possibilities for both countries. We should again confirm the importance of ROK-PRC relations and make nationwide efforts to develop these relations.

ROK: ROK To Provide Assistance to Typhoon-Stricken Vietnam

SK3008071696 Seoul YONHAP in English
0629 GMT 30 Aug 96
— Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — South Korea decided Friday to provide 100,000 U.S. dollars in aid to Vietnam to help victims of the storm which hit the northern part of the Southeast Asian nation in late July, Foreign Ministry Spokesman So Tae-won said.

The typhoon, the worst natural disaster in Vietnam since 1989, left 550 people dead or injured and destroyed 250,000 hectares of farmland.

Last Friday Vietnamese Vice Foreign Minister Nguyen Dinh Bin asked foreign envoys, representatives from international organizations in Vietnam and foreign correspondents to seek humanitarian aid for the victims of the typhoon.

ROK: OECD Counsel To Visit Seoul To Finalize Entry Conditions

SK2908062196 Seoul YONHAP in English
0528 GMT 29 Aug 96
— Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 29 (YONHAP) — Legal Counsel Christian Schricke of the Organization for Economic Cooperation and Development (OECD) will visit Seoul Monday to finalize conditions on Seoul's joining the group of the world's richest countries, a Foreign Ministry official said Thursday.

Schricke will stay in the country until Thursday to meet with Deputy Foreign Minister for Economic Affairs Choe Tae-hwa and officials from the Ministries of Labor, Finance and Economy and International Trade, Industry and Energy, said Director General Chu Chol-ki of the International Economic Affairs Bureau.

The head of the OECD's legal directorate will report the results of his visit to Seoul to a Sept. 12 meeting of the OECD executive board which is to make a final decision on Seoul's bid to join the OECD, Chu said.

The OECD committees on finance, investment, capital, insurance, environment and labor are also expected to report the outcome of their examination of South Korea's plans to open its markets to the OECD board.

Chu anticipates that the Sept. 12 OECD board meeting will accept, at least conditionally, the extent to which South Korea promised to open up its market to foreign countries, paving the way for the next board meeting scheduled for Sept. 26 to announce a political decision to invite South Korea into the rich countries' group.

The South Korean Government then hopes to complete the documentation procedures for entry into the OECD by the end of September to submit to the National Assembly for approval. This year's regular parliamentary session starts in September and ends in late November.

Soon after parliament ratifies the idea of Seoul joining the OECD, the ratification will be sent to the OECD secretariat so all the procedures for Seoul's joining the OECD will be completed by the end of the year, Chu hoped.

OECD still wants South Korea to promise that it will open its long-term bond market but Seoul insists that it will not open the bond market until the gap between domestic and overseas interest rates is less than 2 percentage points.

Chu said that the OECD board members seemed to understand Seoul's position on the issue in consideration of the fact that the interest rate in South Korea is much higher than in other countries.

In the labor market, Chu also expected the government's ad hoc committee on labor-management relations to come up with a new measure by mid-September which will satisfy the criteria set by the OECD for its member countries.

The OECD committee on environment is also working on the wording for a report to be presented to the OECD board meeting, Chu said, adding that he saw no major differences between his government and the OECD on finalizing the report.

The official dismissed concerns that Seoul's joining the OECD will have an adverse impact on its economy which critics insist is not mature enough to accept liberalization standards set by the OECD.

"We need to take the OECD case as an occasion for the country to make another step in restructuring its economy," Chu said. "The closer relationship our economy has with the world economy, the more positive effects we can expect on the development of our financial market, security and the whole economy."

ROK: WTO Financial Market Opening Protocol To Take Effect 31 Aug

SK3008034996 Seoul YONHAP in English 0207 GMT 30 Aug 96 — Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — The World Trade Organization (WTO) protocol on the opening up of financial markets of WTO member countries will take effect beginning Saturday [31 August], Foreign Ministry Spokesman So Tae-won said Friday.

The second protocol to the general agreement on trade in service was adopted on Oct. 6 last year as a follow-up measure of the WTO agreements on financial market opening which took effect Jan. 1 in 1995.

Under the protocol, South Korea promised to allow foreign investors to buy up to 15 percent of the total stocks listed on the Korean stock exchange and give de facto national treatment to the foreign investors.

The protocol also stipulates that the government deregulate interest rates on money deposited for less than a couple of years.

It also calls for the government to lift restrictions on the number of branch offices insurance and securities firms can have.

ROK: Chon Tu-hwan, No Tae-u To Appeal Convictions

SK3008083896 Seoul YONHAP in English 0823 GMT 30 Aug 96 — Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — Former President Chon Tu-hwan finally decided Friday to appeal the death sentence against him.

Yi Yang-u, Chon's defense attorney, said that his client has decided to appeal on the advice of his lawyers.

"It is more advantageous for Chon to appeal than not to," Yi told reporters after he visited Chon at Anyang Prison just south of Seoul earlier in the day.

Chon was sentenced to death Monday for orchestrating the military coup of December 1979 and the brutal suppression of the Kwangju uprising in May 1980.

As a result, Chon is expected to present his appeal to the court this weekend or early next month.

Ex-president No Tae-u, meanwhile, is also planning to file an appeal together with Chon, according to reliable sources.

Other defendants who received prison sentences from the court along with the former presidents have already decided to submit their appeals to the Seoul District Court Saturday.

ROK: Daily Views Speculation Regarding Pardon for Chon, No

SK2708064696 Seoul TONG-A ILBO in Korean 27 Aug 96 p 2 — South Korea's second-largest and second-oldest daily newspaper

[Article by reporters Kim Tong-chol and Chong Yon-uk]

[FBIS Translated Text] With the sentencing of Chon Tu-hwan and No Tae-u concluded, the matter of pardoning them now arises. However, at the moment it is not easy to predict whether there will be a pardon, or when it will be carried out.

President Kim Yong-sam, who has the right to grant a pardon, has not said a word on the matter. Asked about the possibility of a pardon, the Chongwadae [presidential offices] staff responded: "The trial has just concluded." The atmosphere is pretty much the same for key figures of the Minju faction in the New Korea Party [NKP], including General Secretary Kang Sam-chae: "The appeals process and the irrevocable ruling of the Supreme Court are still to come."

Still, such reactions from the Chongwadae and the ruling party are not congruent with the general sentiment. There are few who believe the sentences the court handed down to Chon and No will be carried out, though the appellate trial and the Supreme Court's ruling are still to come.

That is why there is little social tension, even though Chon has been sentenced to capital punishment. We assume the people have formed the opinion that there will be political action some time in the future. Figures of the NKP's Minjong faction share the same view.

The matter of pardoning those who have been sentenced is raising diverse speculation, particularly in correlation to the presidential election slated for December 1997. A first hypothesis is that, if the NKP wins reelection, President Kim will issue the pardon before he retires in the sake of national harmony.

A second is that, if an opposition party wins next year's election, Kim's successor may issue the pardon after being sworn in, which will spare President Kim from doing it.

A third postulates that President Kim may issue the pardon prior to next year's election. This logic derives from the fact that the old ruling camp, the TK [Taegu and North Kyongsang Province] in particular, should be taken into consideration. However, another observation feels that a pardon prior to the presidential elections may be avoided since the pardon will likely impose a burden on the ruling party. This invites a fourth hypothesis: that the pardon will not be carried out while President Kim is in office, regardless of the outcome of next year's elections.

In any case, the matter of a pardon has clearly risen to the surface, and we are watching President Kim's decision and the development of political affairs.

ROK: Sentences Should Be 'Turning Point' for Business, Politics

SK2808034696 (Internet) The Digital Chosun Ilbo WWW in English 1158 GMT 27 Aug 96

[Editorial: "Conglomerate Leaders Brought To Justice"]

[FBIS Transcribed Text] It was a great shock to business circles to hear the startling news that all the large conglomerate leaders charged with bribery and corruption in relation to the massing of secret slush funds by former presidents No and Chon had received guilty verdicts. The fact that certain leaders received sentences without a stay of execution was completely unprecedented. The handing down of guilty sentences will inflict heavy damage upon the operations of the conglomerates in the peculiarly Korean business environment under which corporate leaders traditionally manage and control all aspects of the conglomerates' operations. It has been precisely due to this fact that up until now relatively light sentences have been dished out to business leaders found to have committed acts of bribery.

In this trial it was adjudged that all the funds supplied by the business leaders to the former presidents, irrespective of whether they were classified as "governing funds" or "political funds" constituted bribes. It is thus, from a legal point of view, natural to request that the business elite be brought to justice and that, in circumstances where even former presidents have been punished, they not be granted exemption of any form.

It is however regrettable that a dispute has arisen over the inconsistency in sentence length given to the guilty business leaders. The length of the sentence is of course dependent upon the court's inherent exercise of authority and a display of its own setting of standards however it is noteworthy that there is considerable dissatisfaction as a result of perceived unfairness in this instance [sentence as received]. No only those leaders who were ordered to actually serve their sentences but everyone must wonder what the background behind affording certain leaders found guilty of having given relatively large bribes stays of sentence execution.

It is important that the sentences given to the business leaders are not wasted. In the aftermath of the decision we should take the opportunity to create a turning point by severing adhesion between business and politics and halting the operation of slush funds. The decision opens up for the conglomerates a new road to success and a means of refusing requests by politicians for money. The decision will enable conglomerates to establish a will to dispose of the practice of operating slush funds on the pretense of a need to establish political funds and supply bribes to exist.

The time has now arrived for our economic and political society to normalize and break away from the vague and dishonorable practices of operating slush funds. Of course to achieve this it will be necessary to democratize and clarify the business management environment and rid ourselves of the practice of one-man large business control and domination. However, equally as important is the urgent improvement of the political and electoral environment and the reform of the consciousness of politicians. This must be preceded by politics without money and elections not predicated by money. The handing out of heavy sentences to the business leaders will only be meaningful if the practice of stockpiling slush funds and political funds is thwarted and we take the opportunity to enter an era of normal and democratic business management.

ROK: Public Reacts Positively to 'Heavy Punishments' on Chon, No

SK2708030496 Seoul THE KOREA HERALD in English 27 Aug 96 p 3 — Generally pro-government English-language daily

[FBIS Transcribed Text] The heavy punishments levied on the two former presidents and their followers received largely positive reaction from the general public yesterday. They said the rulings reflected the nation's efforts to put an end to criminal activities by the politics-conscious military.

Prof. Chang Kyong-sop of Seoul National University said the rulings set a significant precedent of significance in that masterminds of a successful coup d'etat as well as corrupted ex-Presidents could be punished under legal judgment. "Judicial authorities have to withstand political clouts to go through with those judgments to the end," he noted.

"Those rulings should not to be diluted by the government's pardon and restoration of rights in the future because they carry on a tremendous significance from the viewpoints of politics and history as well as justice," said Kim Ki-mu from a civilian group in Seoul.

"It's a shame for all Koreans to see two former presidents being sentenced at the court for their mutiny, treason and corruption charges," said Yi Hong-nok, a company official. "We have to turn the shameful moments to a chance to avert a recurrence of military coups and corruption by heads of state."

The ex-Presidents showed no signs of repentance even though they played a decisive role in touching off a massacre in the 1980 pro-democracy uprising in Kwangju, said Chon Kye-rang, who heads a coalition of the bereaved relatives of hundreds of victims. "They do not deserve lenient sentences," he noted, expressing concerns about whether the sentences would be trimmed in forthcoming judgments by the upper courts.

Kwangju-based civilian groups dealt strong protests against the innocent verdicts of Chong Ho-yong and Pak Chun-pyong who were involved in murder charges for the purpose of mutiny support.

"Sentences for two former presidents are thought to be appropriate as death sentence and life imprisonment have been expected for Chon Tu-hwan and No Tae-u, respectively," said Chong Chong-uk, a school teacher in Kwangju. He said, however, he was disappointed at lenient sentences given to the other then military generals.

No's imprisonment term of 22 years and six months is extremely harsh as it is no more than life imprisonment, said townspeople in Sinyong-tong, Tong-ku, Taegu, which is the former president's hometown. They expressed the hope that No would be saved from serving a prison term in consideration of his devotion while in office 1988-1993.

ROK: Daily on How To Collect 'Huge Fines' Levied on Chon, No

SK2808034596 Seoul THE KOREA HERALD in English 28 Aug 96 p 3 — Generally pro-government English-language daily

[FBIS Transcribed Text] Public attention is focused on how to collect the huge fines imposed on former Presidents Chon Tu-hwan and No Tae-u on top of their sentences of death and 22 years and six months in prison, respectively.

The Seoul District Court Monday slapped the fines — 225.9 billion won for Chon and 283.8 billion won for No, the largest amount in the nation's legal history.

The fines, handed down by the court, were similar to those demanded by the prosecution, which charged the ex-Presidents with taking bribes from businessmen and illegally amassing personal wealth.

The prosecution has three years to collect the fines from the defendants.

To date, the prosecution has collected almost all of the 283.8 billion won from No. During their probe of the former President, prosecution officials were able to track down 250 billion won, including 190 billion won in financial assets he illegally acquired while in office.

That leaves about 30 billion won in back payment for No. Prosecution officials however said that figure will not be a difficult amount for No to come up with as interest payments on his other financial assets will easily cover the amount.

The main task for the prosecution will be to collect the personal wealth illicitly gained by Chon. Chon had long claimed that none of the money that he received from the businesses had been used for personal gains. His claim lost momentum when apple boxes containing 6.1 billion won in cash, owned by Chon, were found in a storage area of a subsidiary of Ssangyong Business Group.

The prosecution has so far gotten back about 38.9 billion won from Chon, and have placed a claim on Chon's Mercedes-Benz, a condominium membership and the annex of his house in Yonhui-tong, Seoul, for confiscation. But they believe Chon has more than 140 billion won in bonds and cash hidden away.

ROK: Editorial Urges Prosecutors To Stay Neutral, Impartial

SK2908003496 (Internet) The Digital Chosun Ilbo WWW in English 1156 GMT 28 Aug 96

[Editorial: "Prosecutor and 2 Billion in Political Funds"]

[FBIS Transcribed Text] It has been more than nine months since the National Congress for New Politics (NCNP) filed a suit accusing New Korea Party Secretary-General Kang Sam-chae of slander. Kang had claimed that on November 13, 1995, Kim Tae-chung, leader of the NCNP, received more than two billion won from former President No Tae-u, disputing Kim's claim that he received only two billion. Despite several NCNP requests for an investigation, the prosecutor showed no action. Unexpectedly, however, the police have now decided to begin an investigation of Kang's claim just as it is fading from people's memory.

Once the prosecutor starts investigating this issue, it should never give the impression of being a half-hearted undertaking. Through this incident, we should correctly establish the political practice that even politicians cannot carelessly speak out without proper evidence or foundation. Whenever there is an issue, a suit must be filed. Already, some politicians are saying that this investigation is politically motivated. The prosecutor, therefore, should demonstrate stronger action. In uncovering the truth, there can be no pro-government or opposition party position; only a genuine investigation of the truth. There is no space to discuss pros and cons.

When Kang raised this question last year, he was so certain and as Secretary-General of the ruling party, people thought that he could not make such an announcement without cause. Kim Tae-chung's associates, however, claim that his remarks were unfounded and filed a suit against him, so it is absolutely necessary to uncover the truth in order to prevent this kind of trouble from expanding.

Furthermore, when the prosecutor investigates a suspect, it is generally in public. However, in the case of Kang, it was done secretly. There is no question that if Kang was not a high-ranking official of the ruling party, this would have happened. [sentence as received] The prosecutor should be aware that there is ongoing discussion regarding the neutrality of prosecutors because of such disputable actions.

ROK: Yi Hoe-chang's Remarks 'Causing Ripples' in Ruling Party

SK2708022796 Seoul THE KOREA HERALD in English 27 Aug 96 p 2 — Generally pro-government English-language daily

[FBIS Transcribed Text] Two one-liners, each of which appeals on the surface to be innocuous while holding grains of truth, are causing ripples in the political community.

One of the statements is so simple that even a ninth grader just initiated in politics could make it: "There will be no future for an undemocratic party."

But it was made by none other than Rep. Yi Hoe-chang, who is one of the leading presidential hopefuls in the ruling New Korea Party.

Rep. Yi made the remarks while addressing a ceremony at a local party chapter in Taegu last Friday.

Now leading members of the ruling party and political watchers in the nation are wondering if Rep. Yi made the remarks as a direct answer to an earlier one-liner by President Kim Yong-sam: "There will be no future for lone wolves."

When he made those remarks as head of the ruling party last week, President Kim was apparently making a thinly-veiled threat that he will not endorse a presidential hopeful if he challenges his authority and goes his own way in pursuit of the presidency.

In particular, he wanted to whip into line Rep. Yi and others challenging his ban on public debate on the presidential nomination in the ruling party.

President Kim banned public debate on the party nomination until next year after the April parliamentary elections, in which his party nearly retained its majority in the National Assembly.

With his term in office expiring in February 1998, President Kim did not want his power to be undermined by such debate at an early date.

But Rep. Yi and other presidential hopefuls have remarked intermittently on the presidential nomination.

For instance, Rep. Yi told a news magazine that public debate on the nomination process starting at an early date could contribute to political stability in the nation.

He also suggested that presidential hopefuls should not clamp their mouths shut just because President Kim ordered it.

In addition to Rep. Yi, such leading party members as Rep. Choe Hyong-u, a former presidential contender, Pak Chan-chong, and Rep. Kim Yun-hwan, former chairman of the party, either referred to the nomination or rebutted President Kim's policy.

In response to their moves, President Kim said early last week, "I'm stressing again that there will be no future for lone wolves (who do not follow party policy).

"We cannot allow our party members to make remarks on the spur of a moment or remarks damaging the goals the party is pursuing," President Kim said when he presented letters of appointment to new party officeholders, some of them new local chapter heads.

As one of the new local chapter chiefs was holding a ceremony for chapter reorganization in Taegu last Friday, Rep. Yi said in his congratulatory message, "Our party should not allow (its members) to organize gangs and engage in their partisan interests only. There will be no future for such an undemocratic party."

Rep. Yi has no faction of his own in the ruling party. Shortly before the April elections, President Kim drew Rep. Yi into the party for his potential influence over voters. He had served as justice of the Supreme Court, chairman of the Bureau of Investigation and Audit and prime minister.

Now the question is whether or not Rep. Yi made the remarks, which were absent from the text of his message released to the press in advance, as an answer to President Kim's warning to him and other presidential hopefuls.

Rep. Yi's aides argued he simply suggested what the ruling party should do to win the presidential election, scheduled for December next year.

Will President Kim buy such an explanation and let the incident pass?

Or, will he take countermeasures in an attempt to make waves in the political community and drown Rep. Yi long before the party holds its nomination convention, possibly in July or August next year?

ROK: Ministry Encourages Telecom Companies To Advance Overseas

SK2808041696 Seoul THE KOREA HERALD in English 28 Aug 96 p 8 — Generally pro-government English-language daily

[FBIS Transcribed Text] The Ministry of Information and Communication (MIC) will encourage telecom service companies and equipment makers to form closer ties in advancing into overseas markets, the top telecom policy-maker said.

MIC Minister Kang Pong-kyun, meeting with a group of representatives of local telecom companies in Seoul Monday [26 August], said that the government will extend maximum assistance to local enterprises attempting to exploit overseas markets.

Kang promised to loosen government regulations on overseas financing and strengthen cooperation with foreign governments through various diplomatic channels and bilateral talks in order to back up Korean companies' overseas activities.

"Though Korean telecom companies have accomplished a lot within overseas markets so far, they are still lacking in the information- gathering and technological capabilities," he said.

"Tie-ups between telecom service companies, such as Korea Telecom and Korea Mobile Telecom (KMT), and local equipment makers are still desperately needed," he stressed.

The minister also stressed the need to foster professional manpower, promote larger-scale R&D investments and back up small- and medium-sized software developers.

The meeting was attended by chief executive officers of Dacom, KMT, paging carrier Seoul Mobile Telecom, Samsung Electronics and five other service and equipment manufacturing companies.

Kang and the participating CEOs shared the view that it would be desirable to designate CDMA (code division multiple access) and TDX [expansion not given] switching system as the nation's strategic export items.

The CEOs pointed to overcompetition among local firms, poor financial capabilities and a lack of trained engineers and high- quality information as obstacles in making inroads into overseas markets.

Minister Kang called the meeting in a bid to work out long-term overseas-market strategies, prior to his visit to Japan, China and Australia this week and next week. During his visit to Tokyo, which will last from tomorrow through Thursday Kang will discuss ways to boost bilateral telecom ties with Japan in connection with the 2002 World Cup.

Closer cooperation in the cellular fields and joint R&D projects for asynchronous transfer mode (ATM) switches will figure prominently during talks between Kang and his Chinese counterpart in Beijing Friday.

ROK: Jan-Jul Current Account Deficit Exceeds Forecast for Year

*SK2908105596 Seoul YONHAP in English
0729 GMT 29 Aug 96
— Semiofficial news agency of the ROK*

[FBIS Transcribed Text] Seoul, Aug. 29 (YONHAP) — South Korea's current account deficit reached 11.66 billion U.S. dollars at the end of July, surpassing the Bank of Korea's 11.3 billion dollar estimate for the entire year.

The snowballing deficit for the seven month period is up 79.4 percent from 6.5 billion dollars a year ago, and is likely to exceed the 12 billion dollar mark the government has set as this year's limit soon, officials at the central bank said.

According to the tentative report on July's balance of international payment released Thursday, the deficit in July recorded 2.28 billion dollars, which is a similar figure to last April's record monthly high of 2.29 billion dollars.

Such a huge deficit is attributable to a rapid increase in imports, the extravagant spending at home and abroad, and a decline in the prices of such major export items as semiconductors, the officials said.

Kim Yong-tae, a director of the BOK, said the current account deficit this year is likely to exceed 15 billion dollars unless semiconductor prices recover.

Exports in July stood at 10.31 billion dollars, down 2.8 percent from the previous month, due to a decline in the international prices of semiconductor and metal products, while there was 11.97 billion dollars in imports, an 11.7 percent increase from June. As a result, last month's trade deficit was a record monthly high of 1.66 billion dollars.

The invisible trade deficit totaled 550 million dollars amid persistent increases in travel expenses during summer vacation, royalty payments and shipping-transportation expenses.

The balance of capital in July reversed to a net outflow of 140 million dollars from June's net inflow of 2.5 billion dollars.

Meanwhile, South Korea's foreign currency holdings decreased 1.5 billion dollars from June to 35.06 billion dollars at the end of July.

ROK: Imports of Foreign Luxury Goods 'Increasing Sharply'

*SK2908134596 Seoul YONHAP in English
1202 GMT 29 Aug 96
— Semiofficial news agency of the ROK*

[FBIS Transcribed Text] Seoul, Aug. 29 (YONHAP) — Imports of luxurious foreign consumption goods have been increasing sharply since the turn of the year, statistical figures released by the Bank of Korea showed Thursday.

The luxury articles whose imports have been on a rapid swell include cars, fur apparel, golf tools, television sets, refrigerators, room heaters and amusement tools [as received].

The central bank figures said the imports of consumption goods excluding grains and fishery goods totaled 4,965 million dollars in the first seven months of this year, up 21.8 percent over the corresponding period of last year.

By item, imports of golf tools amounted to 60.2 million dollars in the January-July period, an increase of 69.6 percent over a year before, and those of ski tools to 5 million dollars, up 31.6 percent.

Car imports reached 253.3 million dollars in the same period, a rise of 78.1 percent, and the imports of furniture to 164 million dollars, up 39.9 percent.

The imports of clothes totaled 680.6 million dollars in the seven months, an increase of 45.7 percent over the same period of last year, of which those of fur apparel were 49.3 million dollars, a rise of staggering 218.1 percent over a year before.

Cosmetics imports reached 192.9 million dollars, up 48.4 percent, and the imports of cigarettes 185.2 million dollars, an increase of 10.4 percent, according to the central bank figures.

ROK: ROK To Prosecute 'Limited' Number of Election Law Violators

SK3008014396 (Internet) The Joong-Ang Ilbo WWW in English 30 Aug 96

[FBIS Transcribed Text] Prosecutors are expected to indict an extremely limited number of people on charges of having violated the Election Law. This is because the results of an investigation by the Central Election Management Committee (CEMC) on candidates' campaign expenses during April's general elections were inadequate.

There is only one incumbent lawmaker, Pak Chong-kun, included in the list of 20 people who were referred to the prosecution for indictment or investigation. The charges against him are the installation of two extra loudspeakers on the vehicles used during the campaign period to broadcast speeches. Unless additional charges are uncovered by the prosecution during its investigation, he is unlikely to be indicted.

ROK: Police Search Hanchongnyon Offices on 16 Universities

SK3008020296 Seoul YONHAP in English 0103 GMT 30 Aug 96
— Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — The police searched the student council offices of 16 universities across the country early Friday morning as part of its bid to crack down on leftist-leaning elements in Hanchongnyon, the Korea Federation of University Student Council.

Police took 164 students who were sleeping in the offices at the time of the raid to police stations for questioning and seized a large amount of allegedly seditious materials and metal pipers that are used during protests.

An National Police officer said that in the pre-dawn search eight 1.5-ton truck loads of items were seized, which included leftist books and leaflets, documents suspiciously benefiting the enemy and "lethal protest weapons" such as gasoline bombs and steel pipes.

The items collected, he said, included a key holder showing the North Korean flag found at Seoul National University and 173 slides and video tapes featuring pictures of Kim Il-song and Kim Chong-il at Sungsil University.

The search was conducted by 8,100 policemen.

Key Hanchongnyon leaders were not among the students who were picked up, however, the officer said.

There were 12 schools searched in Seoul including Seoul National, Korea, Sungkyunkwan, Hongik and Hanyang Universities and the Hankuk University of Foreign Studies.

Explaining about the fourth campus raid in a fortnight, the officer said, "We searched those student council offices which we suspected might hold the wanted Hanchongnyon leaders and large amounts of deadly protest weapons."

ROK: Poll Indicates 83 Percent of Students Oppose 'Radical' Movements

SK3008033696 Seoul YONHAP in English 0241 GMT 30 Aug 96
— Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — More than eight out of every 10 university students are opposed to radical student movements for national unification such as the seventh "Pan-National Reunification Rally" recently held at Yonsei University in Seoul.

More than 70 percent of the students also believe that in the long run South Korea will have to absorb North Korea to attain national unification.

These and other findings were the result of an opinion poll of 768 collegians — 179 from Seoul National University, 172 from Korea University, and 417 from Songkyunkwan University — which was conducted last week by the "Young Companions" club, a youth circle comprised of students from universities in Seoul.

Approximately 66 percent of the pollees indicated that they recognized the significance of the unification movement, but said movements such as the pan-national rally were wrong.

Of the respondents, 17.5 percent answered that the pan-national rally should have not been held because it is a pro-North Korean event.

With regard to the unification movement by Hanchongnyon or the Korean Federation of University Student Councils, 43.6 percent said that they are opposed to Hanchongnyon's unification movement by way of pan-national rally, while 38.6 percent responded that they recognize the meaning of the movement, but there are problems with the format of the reunification rally. Only 4.4 percent considered it as "desirable."

ROK: Kim Tae-chung Recommends Hanchongnyon Dissolve Itself

SK3008063996 Seoul YONHAP in English 0634 GMT 30 Aug 96
— Semiofficial news agency of the ROK

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — Opposition leader Kim Tae-chung, stressing that "Hanchongnyon should now be finished," urged Hanchongnyon or the Korean Federation of University Student Councils Friday to dissolve by itself.

While touring the Yonsei University scene of the recent clash between Hanchongnyon students and riot police, Kim, president of the National Congress for New Politics (NCNP), said, "Hanchongnyon cannot command the endorsement of the state or people... Hanchongnyon should now be finished."

Kim was thus declaring a complete parting from the activist student circles, which had been one important element of his political base in the years of his democratization struggles in the 1970s and 80s.

"Hanchongnyon has done a great disservice to both the democratic and sound unification forces," Kim said after being briefed on the student violence by Yonsei President Kim Pyong-su.

The opposition leader's declaration was seen by political observers as a move to court conservatives for next year's presidential election in mind.

Kim was accompanied on the tour by Vice NCNP President Pak Chong- su, Party Secretary-General Han Kwang-ok and about 20 NCNP legislators.

Kim's declaration came two days after he called on and spoke well of the Agency for National Security Planning Wednesday [28 August], an intelligence organization which he has condemned in the past.

ROK: Daily Views Problems in Nation's Deep-Sea Fishing Industry

SK2808034796 (Internet) The Digital Chosun Ilbo WWW in English 1158 GMT 27 Aug 96

[Editorial: "A Lawless Ocean"]

[FBIS Transcribed Text] The mutiny that took place on the vessel Pescarmar No. 15 in which eleven were murdered including seven Koreans impacted abruptly on our new vision of "towards the future, the seas, the world" currently being pursued. The incident is a stark reminder to us that we cannot ignore the absence of law and order in the deep-sea fishing industry and the blind spot which is our waters. We must thoroughly investigate the incident and examine the vessel from top to tail in order to fundamentally rectify the problems associated with deep-sea fishing practices generally.

Problems in the deep-sea fishing industry have arisen far too frequently. Last year there were 125 reported incidents of violence on vessels which resulted in the deaths of twelve Koreans. Apart from the more fundamental causes of these incidents, namely wretched work environments, inhumane treatment and delayed payment of wages, recently incidents have also arisen due to the emergence of wage gaps as a result of the mass employment of cheap foreign crews. In addition, poor fishing companies engaged in deep-sea fishing have exacerbated problems by cutting corners in order to reduce income tax burdens and avoid regulations by introducing dilapidated foreign vessels and taking on board untrained foreign crew at third ports.

The realities of commerce cannot be avoided. However we cannot permit businesses to disregard dangers spawned by their own excessive desire to seek short-term gains. If one carefully examines the recent spate of incidents on deep-sea fishing vessel we cannot avoiding pointing out the fact that the consciousness of operators in this industry has fallen way behind. It is said that our economy has reached the stage in which it resembles that of an advanced country however the operation and development of our deep-sea fishing industry festers at the level of the inshore fishing industry.

Now that the Ministry for Marine and Fishing Affairs has been established, the authorities ought to ensure that they strengthen fishing guidance and see to it that fishing operators respect the totality of the regulations. The government can prevent businesses from cutting corners and infringing the law by appropriately licensing participants in the industry and arranging assistance funding. Also, by ensuring that foreign crew employment contracts are crystal clear and that such crew are thoroughly trained before taking to the seas, the government will be able to avert further incidents from occurring during fishing operations. Now is the time to seek a means of elevating our deep-sea fishing industry to a higher plane of advancement.

Burma

Burma: SLORC Gets Tough With NLD-Led Opposition

BK3008044196 Bangkok THE NATION in English 30 Aug 96 p A11

[Article by freelance writer Aung Zaw, contributed to THE NATION, entitled: "Activists Feel the Heat of A Revitalised SLORC"]

[FBIS Transcribed Text] Win Htein is in prison again, his "third visit" to Burma's notorious Insein jail.

"He spends more time in prison than outside," one associate remarked of the former army officer. This time he is due to spend seven years inside.

Win Htein, a close aide to Burma's opposition leader Aung San Suu Kyi, was arrested in May.

The reason given by the junta was that Win Htein, and several other NLD [National League for Democracy] members sentenced along with him, had fabricated reports about the nation's rice harvest. Their intention, the government said, was to trick the United Nations into believing that farmers were forced to work on failed agriculture projects.

There should be no doubt that the generals who run the country are sitting idly by. "They have no qualms about putting down dissidents," said a veteran journalist in Bangkok. "They are crushing the opposition systematically," he said.

After attending the recent ASEAN meeting in Jakarta and paying a highly-publicised visit to Malaysia, the generals in Rangoon are back in business.

Many democracy activists and students are under detention and "more arbitrary arrests are looming", predicted a Rangoon-based dissident.

In fact, activists and students in Burma had a strong feeling that there would be a fresh crackdown in August and September. One dissident who wrote a letter to Thailand said there is a great concern the junta was planning a crackdown. Most underground groups, he added, have been in hiding since June.

Indeed, the recent arrest of a separate group of 19 activists came as no surprise. According to the state-owned newspapers, the 19 had links with India-based Burmese activists including Dr. Tint Swe, a member of the NLD. Their plan was to train Burmese activists in political defiance and to establish an underground cell in Monwa and other cities and provinces. Moreover, the paper claimed that the group had a plan to incite riots and destabilise the nation.

The junta has said it will hold a press conference on Sunday to explain the arrests.

Sources close to Aung San Suu Kyi said she may try to pre-empt the conference by holding her own to give the opposition's version of the arrests and to renew its call for economic sanctions of Burma by the international community.

The exiled Dr. Tint Swe said many more activists in Thaton, Kalay and Monywa have been rounded up.

He cited the cases of Dr. Daw Khin Mar Kyi and U Nyunt Tin in Monywa who were also arrested in June. Tint Swe claimed the opposition group has received several conformed reports that arrested NLD members and activists were severely tortured during the interrogation. Another activist was also reported to have died in Insein.

At the same time as it is clamping down on democracy groups, the military government said it was planning to resume its national convention, though it hasn't announced the date yet.

"They want to resume the National Convention in the near future but they need some NLD members to come back," said a source in Rangoon. He said there were also some NLD members who disagreed with Suu Kyi's boycott and may rejoin the national convention. The NLD walked out of the convention in November.

"They are urging NLD members to come back," added the source.

Some analysts have commented that since the junta gained observer status at the July-ASEAN meeting in Jakarta, and won endorsement from Malaysia's prime minister, Mahathir Mohamed, it has stepped up its pressure on the opposition.

A veteran journalist said Suu Kyi and the NLD are getting nervous and they may not have any choice but to confront the junta in the near future.

Recently, Gen. Maung Aye, a powerful leading member of the SLORC urged armed forces to help eliminate any threats from powerful nations and their "lackeys" to the union.

Gen. Maung Aye's warning is not new. But sources in Rangoon and NLD members said activists took it seriously.

Burma: Thai Paper Praised for Publishing Pro-Rangoon Letter

BK2808130096 Rangoon THE NEW LIGHT OF MYANMAR in English 28 Aug 96 p 3

[Article by Myo Chit: "Open Letter To The Bangkok Post"]

[FBIS Transcribed Text] Thank you for publishing the frank letter of Ithiphon Khemmarat in your esteemed paper of the 8th August. We also owe much to the respected writer of the letter for conveying to our friends in Thailand through your paper news about the true situation of present-day Myanmar [Burma] based on his own personal experiences and contact with Myanma [Burmese] nationals. Casual observers of Myanmar and wishful thinkers with self interest always go off the track in making judgments over political, social and economic developments in Myanmar. They come out with prejudged views, manifestly orchestrated before hand, that Myanmar are anti-democratic, that the Myanmar Army is authoritarian bent on keeping the Myanmar people and country under its nailed boots for ever. These biased views amply reflect their total ignorance in matters concerning present day Myanmar, leave alone the basic factors that have shaped the present events.

Myanmars [Burmese] are freedom loving people; they value freedom so much so that they err by becoming too individualistic. Their love of freedom stems from the Buddha Gotama's teaching to rid themselves from the shackles of the suffering of rebirths: That's why they sacrificed themselves in so many ways to set themselves free from serfdom under the British and the Japanese.

Just before regaining their independence they found themselves leaderless, like a rudderless boat tossed about by merciless waves of the wide open sea; all their trusted leaders with wide experience and carefully thought-out plans for guiding Myanmar through perilous time of the twentieth century had been mowed down by machine guns provided by the departing English to the faithless traitors. Undaunted, they braced themselves to face the multifarious duties and difficulties of steering the ship of the state into the modern world. Without hesitation they launched the system of multiparty democracy which they soon found could not function properly because of insurgency which had followed in the wake of independence. And not soon afterwards the democratic system they had nevertheless put into practice began to show unmistaken signs of vices attributed to all governments in all countries practising various forms of democracy. There were accusations of favouritism, nepotism; there were interminable bickerings between parties; there were internecine feuds amongst leaders of individual parties, and finally there appeared demands for secession from the Union, which would irreparably endanger the unity of the Union, by splitting it into tiny units and weakening it.

It was then that the Tatmadaw, [Defense Services] the Myanmar Army, the main source of the Myanmar spirit and the founder and architect of Myanmar Independence had to step in willy-nilly to save the country from utter destructions.

The years from 1962-1988 could be regarded as a period of trials and errors, first with the government of the Revolutionary Council and then with the single party democracy. Both systems had not met with success, chiefly due to lack of experience and training in the field of governance, shortage of qualified personnel; and naivety in political and economic matters.

The present regime under the guidance of the State Law and Order Restoration Council [SLORC] have studied well the political events that had taken place in Myanmar since Independence; they have drawn good lessons from the mistakes of the past and are treading cautiously, keeping a wary eye on the possible dangers that lie ahead on the path to democracy. They have set off with carefully thought-out plans, laying down four political objectives, four economic objectives, and four social objectives, which no political party of any hue could well protest against. They are steadily bringing out a new State Constitution, for building a new modern developed nation, a constitution which will ensure avoidance of pitfalls and defects of multiparty democratic system, we had previously experimented with.

At such a time, it is very gratifying to find the esteemed Bangkok Post which had taken little interest in Myanmar affairs previous to 1988, and which since then has been writing slanted news about Myanmar, viewing it with jaundiced eyes, is fair enough to publish the frank letter of Ithiphon Khemmarat who recounted his own personal experiences in the rapidly changing Myanmar, after making two trips to it.

Such demonstration of fairness and gesture of valueing eyewitness accounts of the real situation in Myanmar rather than relying exclusively on news of the western media, are all that we hope to receive as cooperation and friendly understanding from those responsible for informing the public of Thailand. By giving them the true information of their neighbour Myanmar, instead of devoting full time to the false news which portray Myanmar as a land of woes, under the demoniac hold of a Military Junta, the Bangkok Post will be not only helping the Myanmar people, but also serving the real interest of the Thai people themselves.

Congratulations Bangkok Post! Thank you again Ithiphon Khemmarat, for your sincere good wishes; you prove to be a true friend indeed of Myanmars in their time of need by exposing, on their behalf, falsehood so rampant in prejudiced media.

Cambodia

Cambodia: British Captive of Khmer Rouge Reported Executed

BK3008020396 Bangkok BANGKOK POST in English 30 Aug 96 p 1

[Report by Prasit Saenggrungruang]

[FBIS Transcribed Text] Aranyaprathet — A British mine-clearing expert who was captured by the Khmer Rouge has been executed, an officer of the Pol Pot faction said yesterday.

Christopher Howes, 36, who was abducted on March 26 with two Cambodian colleagues in Angkor Thom, was executed at noon yesterday in Anlong Veng, Pol Pot's headquarters, opposite Sisaket province.

The officer said one of the Cambodians died of malaria in July. He did not mention the fate of the other Cambodian.

No reason was given for the execution of Mr Howe, who was in charge of the Mines Advisory Group, but the officer said the killing was linked to a rebellion a day earlier by 200 Khmer Rouge guerrillas, led by Maj-Gen Saroen, in a nearby camp commanded by Pol Pot's nephew, So Hong.

The dissidents, according to the officer, had demanded a relaxation of stringent regulations imposed by Pol Pot, which include a ban on all trade and the use of vehicles.

So Hong, said the source, could not respond to the demand as changes could only be authorised by Pol Pot. Fearing for his safety, So Hong fled with a handful of loyalists to see Pol Pot in Anlong Veng.

Cambodia: KR Commander Tells AFP Khieu Samphan Wants To Defect

BK2908111696 Hong Kong AFP in English 1056 GMT 29 Aug 96

[FBIS Transcribed Text] PHNOM PENH, Aug 29 (AFP) — A senior Khmer Rouge [KR] leader wants to join a breakaway faction negotiating for peace with the government but is being prevented by the hardline leadership, a renegade commander said Thursday.

"It is our understanding that Khieu Samphan wants to join us, but he is in the net of Pol Pot so he cannot," Sok Pheap, commander of Khmer Rouge division 415 told AFP by telephone from his base at Phnom Malai in northwest Cambodia.

"He wants to have peace like us," said Sok Pheap, who has sworn his loyalty to Ieng Sary, the leader of the renegade faction who Thursday announced the creation of a new political party that he hopes will be allowed to play a part in Cambodian politics.

Khieu Samphan, a veteran Khmer Rouge cadre, was earlier this month re-elected "prime minister" of the guerrilla's provisional government in the wake of the split-up.

According to members of the renegade faction which announced the creation of a new political party Wednesday, Khieu Samphan is believed to be living in the hardliners' base at Anlong Veng in northern Cambodia and possibly under guard.

An intellectual, he became the public face of the Khmer Rouge in the late 1980s and early 1990s when, on behalf of the group, he negotiated for and signed the Paris Peace Accords that technically ended Cambodia's long-running civil war.

Though technically chief of the group, Khieu Samphan is believed to be only a mouthpiece for the hardliners who reneged on the pact, boycotting the 1993 UN-brokered election and continuing guerrilla war against the new government.

This week, first Prime Minister Prince Norodom Ranariddh personally appealed to Khieu Samphan to quit the leadership and join the renegades or Phnom Penh noting that he had signed the peace treaty and thus obviously supported bringing an end to the war.

The French-educated Khieu Samphan, whose doctoral thesis many believe was the basis for the Khmer Rouge's fanatical desire for isolation while in power, was the founding president of a political party the Khmer Rouge began in 1992 before they decided to boycott the election.

At least one other founding member of the now-defunct National Unity Party of Cambodia—Sar Kimlamut, who handled the guerrilla's finances—defected to Phnom Penh last year.

Cambodia: Author Says Too Early To Call Ieng Sary 'Patriot'

BK3008051096 Phnom Penh SAPORDARMEAN WAT PHNUM in Cambodian 22-23 Aug 96 pp 1, 3

[Unattributed article: "Since the International Tribunal Has Not Yet Sentenced the Genocidal Criminals, Ieng Sary Should Not Yet be Named a Patriot!"]

[FBIS Translated Summary] In this 700-word article, the author says the people welcome and praise Ieng Sary and his men for breaking away from the Khmer Rouge ranks. "But some Cambodian people and politicians think that it is not yet time to give the name of patriot to

Ieng Sary and his men. We can call Ieng Sary a patriot after the International Tribunal announces the charges against those involving in crimes against mankind committed during the genocidal regime. This is because Comrade Ieng Sary was formerly the deputy prime minister and foreign minister who was second only to Comrade Pol Pot and had been involved in the massacre of millions of people." In 1975-79, like Pol Pot, Ieng Sary's hands were also stained with the people's blood. The Cambodian people throughout the country cannot forget the bitter past that they experienced under the genocidal regime and they still remember very well that Pol Pot, Ieng Sary, and Khieu Samphan are traitors who barbarously killed their own people. Thus, it is not proper to call Ieng Sary a patriot only because he broke away from his ranks and turned to join the government.

The author questions whether the government will also name Pol Pot, Ta Mok, and Son Sen patriots if they also defect to government side.

The author concludes by saying "if everyone of them get the name of patriot, who then are the traitors, who killed those millions of Cambodians during the Pol Pot-Ieng Sary-Khieu Samphan rule? Who should the International Tribunal which has spent millions of dollars on the investigation and indictment of the genocidal criminals sentence? Who should be sentenced in place of these criminals who are called patriots?"

Cambodia: Paper Discusses Moves by Ranariddh, King Sihanouk

BK2908113896 Phnom Penh CHAKKRAVAL in Cambodian 25-26 Aug 96 pp 1, 4

[FBIS Report] CHAKKRAVAL carries two related articles by reporter Sophanit concerning King Norodom Sihanouk's reaction and comments relating to defected Khmer Rouge leader Ieng Sary.

In the first article, 300 words long, the author says that in an interview with his bulletin on Thursday [date not given], the king said "he will abdicate if there is a request by 100 people's representatives." The author attributes the following statement to King Sihanouk: "Many Cambodian Republicans have become members of the Cambodian People's Party and the Khmer Nation Party; these people have rudely said that they will do what they can to bring down the throne and replace the monarchy with a republic."

The author reviews the king's first abdication in 1955 to enter the political arena saying: "at that time the throne remained vacant; there was no replacement. And when the king won the election, he transferred the throne to his father." The author goes to say that "today, should the king decide to abdicate so as to play politics to save FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] as decided by the National Assembly, the Assembly will not be able to keep the throne for the king, as in 1955," and that "should the king play politics and lose to other parties, he would become an ordinary citizen instead of returning to the throne."

The author concludes by saying that "the assessment of Western politicians is that the King is still hungry for power. Despite the deterioration of his physical condition the king's greed for power is still there."

In the second article, 300 words long, the same author says: "The king said on 21 August that he will consider granting amnesty to Ieng Sary if asked in writing by the two samdech prime ministers and two-thirds of National Assembly members."

Analyzing this move, which the author attributes to First Prime Minister Norodom Ranariddh, the article states: "Today Ieng Sary surrendered and was granted amnesty by the National Assembly through the king; tomorrow, Khieu Samphan will also surrender and be granted amnesty by the National Assembly through the king. The final result will be that the king will be very popular and regarded as a compassionate person toward Khieu Samphan, Ieng Sary, and other Khmer Rouge; this would inevitably compel Ieng Sary and Khieu Samphan, who are the king's former political friends, to show gratitude toward the king by helping to revive and save FUNCINPEC. This move by Ranariddh is at winning popularity for his father and making the breakaway Khmer Rouge and the Cambodian people realize that only the king has the compassionate heart to grant amnesty."

In conclusion the author says: "In fact everything is engineered by Prince Ranariddh, that everything go through the National Assembly and the king for the latter's benefit before the king abdicate to play politics."

Cambodia: Hun Sen's Party Reportedly Opposes Ranariddh's Idea

BK3008100496 Phnom Penh CHAKKRAVAL in Cambodian 24 Aug 96 pp 1, 4

[FBIS Report] A 360-word report by Sophanit attributes the following statement to First Prime Minister Norodom Ranariddh responding to reporters on 22 August: "If the Royal Government plans to grant amnesty to Ieng Sary he [Ranariddh] will propose that legislation outlawing the Democratic Kampuchea group be revoked."

The author goes on to say that "on 22 August at 1700, in reply to the prince krompreah [Ranariddh], a high-ranking official of the Cambodian People's Party [CPP] told CHAKKRAVAL by telephone that the CPP is against this proposal, arguing that the Constitution should be respected."

The report also states that "if the government transfers responsibility for Ieng Sary's fate to the National Assembly for a decision in accordance with the proposal of the two government heads to grant amnesty and to allow for the establishment of a political pary, it is expected that in the future Khieu Samphan too will surrender, like Ieng Sary, and the case would again be forwarded to the National Assembly; this is a move toward following the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] strategy of opposing Hun Sen and maintaining the forces of FUNCINPEC as an ally."

The author concludes by saying that "no one cares whether Ieng Sary, Khieu Samphan, or Pol Pot set up political parties; the question is whether these parties would be supported by the people in elections. As for past blood-stained actions by these persons, it is up to the international court to hand out punishment; no political figure has the right to pardon them. It would be beneficial for the Cambodian people and the Government if this trial starts before the 1998 election."

Cambodia: Air Force Helicopter Crashes Near Phnum Chi 25 Aug

BK3008111796 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 30 Aug 96 pp 1, 5

[Report by Peyatro]

[FBIS Summary] An MI-17 helicopter of the Royal Cambodian Air Force, which was carrying 23 people, crashed near Phnum Chi in Kompong Thom Province on 25 August. Two passengers died; four others were found wandering in Sandan District; and the remaining 17 were seriously injured. One of the four found in Sandan District was the co-pilot, he is also the son-in-law of National Assembly Chairman Chea Sim. Among those injured were Major General Soy Keo, commander of the 1st Military Region. Major General Soy Keo was taken to Preah Ket Mealea hospital in Phnom Penh on 28 August. The helicopter was taking army officers and artists on a mission to Stung Treng Province.

According to a passenger being treated at Calmette hospital in Phnom Penh, the aircraft's engine suddenly went dead. Soeng Samnang, deputy commander of the Royal Cambodian Air Force, said the crashed helicopter was located on 27 August.

Cambodia: Paper Details Harassment, Threats Against Journalists

BK3008065796 Phnom Penh CHAKKRAVAL in Cambodian 24 Aug 96 pp 1, 4

[FBIS Report] In a 400-word report signed by K'ek Khmau the author says that threats against journalists are on the rise and goes on to review events involving reporters, beginning with the 17 May murder of Thon Bunli, editor of ODDAMKEAKTE KHMER newspaper. The authors says "a new form of threat against journalists is done by telephone" and lists the following incidents:

"Between three, five, and seven armed persons in military uniforms, equipped with handcuffs, traveled in dark green vehicle to the house of SATHEARANAKROAT newspaper's editor; two persons in civilian clothes riding motorcycles abducted the editor of REAKSMEI ANGKOR newspaper; persons in military uniforms in a car chased the editor of SANGKHRUOH CHEAT newspaper; a fake telephone call asked the editor of REAKSMEI KAMPUCHEA to return home in order to harm him on his way home; the car of CHAKKRAVAL editor was flanked by two motorcyclists; four persons riding black Rebel motorcycles in the uniforms of bodyguards, two carrying black automatic shotguns and two with pistols, waited in front of the League of Journalists office."

The report goes on to say that "on 4 August at 2000 two persons on motorcycles in civilian clothes abducted and beat up Sum Tara near Wat Phnum; the assailants asked for the whereabouts of Sum Tara, editor of ANGKOR THMEI newspaper, without realizing the victim is Sum Tara."

The report also says that "on 21 August at 0800, a reliable source quietly warned Chum Kanal [secretary of the League of Cambodian Journalists] and Keo Sophoan, editor of CHAKKRAVAL, to be careful and to look after themselves properly because orders have been given to kill them."

The author concludes the report by thanking the source for the warning and appealing to authorities and the two co-prime ministers to investigate the matter.

Indonesia

Indonesia: Initial Peace Agreement for Southern Philippines Initialled

BK3008033396 Hong Kong AFP in English 0315 GMT 30 Aug 96

[FBIS Transcribed Text] JAKARTA, Aug 30 (AFP) — Negotiators representing the Manila government and a Moslem insurgent group Friday initialled a draft peace agreement here aimed at ending over 24 years of bloodshed in the southern Philippines.

In the presence of Indonesian President Suharto and several foreign dignitaries, chief delegates of the Philippine government and the Moro National Liberation Front (MNLF) initialled the thick document, officially known as a Draft Final Peace Agreement. It is to be formally signed in Manila on Monday.

Manila's chief delegate Manuel T. Yan, MNLF leader Nur Misuari, Indonesian Foreign Minister Ali Alatas and assistant to the secretary general of the Organisation of the Islamic Conference, Mohammad Mohsin, all initalled the document.

The pact was agreed by the two sides at the end of a one-day fourth round of formal peace talks close to midnight Thursday (1700 GMT).

The deal caps three years of formal peace negotiations between the Philippine government and the MNLF and is supposed to end almost a quarter of a century of armed conflict in the southern Philippines.

The accord calls for the establishment of an MNLF-led council that to oversee development projects in 14 provinces of the southern Philippines, particularly the island of Mindanao, and pave the way for the creation of a Moslem autonomous region.

Residents there are to vote in 1998 to determine which areas in the Christian-dominated region should come under Moslem rule.

Indonesia: Suharto Hails Philippines-MNLF Peace Treaty

BK3008054396 Hong Kong AFP in English 0502 GMT 30 Aug 96

[FBIS Transcribed Text] Jakarta, Aug 30 (AFP) — Indonesia President Suharto on Friday hailed a peace deal between the Philippines government and Moslem rebels as a "moment of great significance."

Suharto attended the initialling ceremony here, declaring: "I congratulate both panels for this fruit of their hard work, the goodwill and the spirit of compromise that enabled them to appreciate each other's concerns and win each other's trust."

He said the initialling was "a moment of great significance" for the Philippines' government, the region and the international community.

Indonesian Foreign Minister Ali Alatas said that the peace agreement "is also expected to have a profound and positive impact on the stability and economic progress of Southeast Asia."

Suharto praised Philippines' President Fidel Ramos for "his personal and direct involvement in the arduous search for a solution" to the conflict.

Indonesia has played a major role in brokering four rounds of formal peace talks over the last three years.

It began hosting talks between the two sides with an informal meeting in April 1993, in an effort to revive peace negotiations which had been stalled since the signing of the so-called Tripoli Agreement in 1976.

The Libyan-brokered agreement has remained the basis for the latest rounds of formal negotiations, which began in October 1993.

Suharto said in his speech Friday that Indonesia's constitution "mandates the Indonesian Government to participate actively in the shaping of an international order of freedom, lasting peace and social justice."

Indonesia's Foreign Minister Ali Alatas, as chairman of the Organisation of the Islamic Conference (OIC) Ministerial Committee of the Six oversaw the proceedings this week.

The committee — which includes representatives of Libya, Saudi Arabia, Senegal, Somalia, Bangladesh and Indonesia — is mandated by the OIC to help Manila and the MNLF arrive at a just, durable and comprehensive political settlement of their conflict.

Wiryono Sastrohandoyo, Indonesia's ambassador to Australia, has chaired the talks.

Indonesia also played a pivotal role in the settlement of the Cambodian conflict by co-chairing the peace talks in Paris which began in 1991.

Indonesia: Signing of MNLF-Manila Peace Treaty Reported

BK3008055096 Jakarta Radio Republik Indonesia Network in Indonesian 0500 GMT 30 Aug 96

[FBIS Translated Text] President Suharto witnessed the initialing of a Draft Final Peace Agreement between the Philippine Government and the Moro National Liberation Front [MNLF] in Jakarta this morning.

The president has said that the settlement of the Moro problem is a positive contribution to ASEAN's efforts to create a zone of peace, freedom, and neutrality (ZOPFAN), which has been hoped for since 1971. He says for Indonesia and the Philippines, the peace process is a reality of the mutual trust developed between the two nations that are contributing to the efforts to achieve a common prosperity.

Manuel Yan, Philippine ambassador to Indonesia and the representive of the Philippine Government; Professor Nur Misuari, MNLF chairman; Ali Alatas, Indonesian Foreign Minister; and Mohammad Mohsin, representative of the Organization of Islamic Conference (OIC) initialed the Draft Final Peace Agreement.

Indonesia: Suharto, Alatas, Nur Misuari on Peace Agreement

BK3008091996 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 30 Aug 96

[FBIS Translated Excerpt] The Philippine Government and the Moro National Liberation Front [MNLF] initialled a peace agreement at the Merdeka Palace in Jakarta today. This is a historical event marking a peace settlement in the Philippines. [passage omitted]

Our correspondent Dessy Simatupang reports on the event:

[Begin recording] [Dessy] President Suharto witnessed the initialling of a Draft Final Peace Agreement between the Philippine Government and the MNLF at the Merdeka Palace this morning. [passage ommited] President Suharto said that the settlement of the Moro issue will open more opportunities for the development of the East ASEAN Growth Area (EAGA) which includes Brunei, Indonesia, Malaysia, and the Philippines. He believes that efforts to maintain regional stability and to achieve a common prosperity will contribute positively to the development of peace and global economic relations in accordance with the principles incorporated in the United Nations Charter. [passage omitted]

Meanwhile, Foreign Minister Ali Alatas praised Philippine President Ramos for initiating the establishment of the Southern Philippine Council on Peace and Development or SPCPD. He said that the initiative is a remarkable breakthrough that made it possible for the peace process to progress rapidly until the current final stage was reached

Alatas said that MNLF Chairman Nur Misuari reacted positvely to the offer for peace negotiations following President Ramos' decision to establish the SPCPD without a plebiscite as required by the Philippine Constitution.

In a joint press conference following the initialling ceremony, Nur Misuari said that the SPCPD was not solely meant for the Moro people alone but for all Filipinos. He also said that the MNLF had abandoned the separatist movement.

[Nur Misuari speaking in English fading into Indonesian translation] Due to pressure from the international community, particularly from the Muslim world, we decided to abandon the idea of separating ourselves from our Philippine motherland.

Nur Misuari expressed hope that President Ramos would be reelected as the country's president for the next term so that the Draft Final Peace Agreement initialled this morning could be implemented. [end recording]

Indonesia: Intergovernmental Commission Set Up With Uzbekistan

BK3008070696 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 30 Aug 96

[FBIS Translated Text] There is a more positive development in the cooperation between Indonesia and Uzbekistan after the two countries agreed to establish a joint commission on economy and technical training.

A Letter of Intent on the establishment of the commission was signed by Foreign Minister Ali Alatas, and Rahimov, Uzbek minister of foreign economic relations, in Jakarta yesterday.

Alatas has said that the establishment of the intergovernmental commission between Indonesia and Uzbekistan is a follow up and the realization of an agreement on economy and technical training signed between the two countries in 1992.

However, the respective chairmen of the delegations from the two sides, who will lead the commission's meetings, have not yet been appointed. The matter will be discussed later.

Indonesia: Groups Fail To Submit Complaints on Human Rights Issue

BK3008075996 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 30 Aug 96

[FBIS Translated Text] Anti-Indonesian groups failed in their efforts to propose a resolution on the human rights situation in Indonesia to the 48th session of the United Nations Subcommission on the Prevention of Discrimination and Protection of Minority Groups in Geneva from 5 to 30 August 1996. The session refused to accept, debate, or endorse a draft resolution on the matter.

A press statement from the Directorate of Information in the Foreign Affairs Department said in Jakarta yesterday that the anti-Indonesian groups under the umbrella of nongovernmental organizations had drawn up the draft resolution on the human rights situation in Indonesia. They planned to sell the draft resolution to the subcommission experts.

The experts, however, thought that the draft resolution was not accurate at all. It was found that some facts had been twisted, and the accusations hurled at the Indonesian government were not propotional.

The press statement also said that the anti-Indonesian groups could not formally submit their complaints to the subcommission following the rejection of the draft resolution.

Indonesia: Megawati Lawsuit Against PDI Continues

BK3008041196 Jakarta KOMPAS in English 30 Aug 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] KOMPAS Online 30 August, Jakarta — Negotiations for settlement between the proxy of the ousted leader of the Indonesian Democratic Party (PDI) Megawati Sukarnoputri against the accused PDI Medan Congress organizers reached no agreement.

Chief judge I.G.K. Sukarata decided to continue with the investigation while efforts for a peaceful solution continue. The trial started 09.45 [West Indonesian Time — 0245 GMT] at the Civil Court of Central Jakarta and was guarded by heavy security forces.

Megawati offered as condition for peace that the accused recognized the legacy of the PDI National Conference of 1993 which elected Megawati Sukarnoputri and Alexander Litaay each respectively as Chairwoman and General Secretary.

But the accused party offered that Megawati should first also recognized the results of the IVth PDI Congress in Medan which elected Suryadi and Buttu R. Hutapea each as Chairman and General Secretary of the PDI.

Surjadi sides had proposed that Megawati should sit in a respected position, as Chairwoman of the Board of Party Judgement (MPP) provided that she first recognized the results of the IVth PDI Congress in Medan on last 20-22 June.

The accused in Megawati's suit are Fatimah Akhmad and the Group of 16 (first accused), the Organizing Committee of the Medan Congress Fatimah Akhmad and Dr. Pananagian Siregar (second accused), Suryadi and Buttu R. Hutapea (third accused), the minister of Home Affairs Yogi S. Memet (fourth accused), the Commander of the Indonesian Armed Forces (ABRI) General Feisal Tanjung (fifth accused), and Chief of the Police Lieutenant General Dibyo Widodo (sixth accused). The proxies of the accused stated to be prepared to face the trial.

The accusation prepared by Megawati's proxy was read by the judge even though the proxy of the military commander stated his objections.

The exceptions from the proxies were delivered to the court of justice and to Megawati's proxy, stating that Megawati and Litaay had no right anymore to speak representing as leaders of PDI, because the government already recognized the Medan Congress as valid, legal and constitutional. That the court was not authorized to make a judgement as this is an internal PDI affair.

Indonesia: Lawyers Continue Out-Of-Court Talks on Megawati Suit

BK3008072996 Jakarta MEDIA INDONESIA in Indonesian 30 Aug 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta (MEDIA) — The lawyers of Megawati Sukarnoputri, Suryadi, the chief of the Republic of Indonesia Police, the commander of the Armed Forces of the Republic of Indonesia [ABRI], and the minister of home affairs have agreed to ask a court to continue the hearing of Megawati's lawsuit against Suryadi, general chairman of the Indonesian Democratic Party [PDI] Central Executive Council elected at the Medan congress; Fatimah Akhmad, chairwoman of the Medan congress organizing committee; the minister of home affairs, the commander of the Armed Forces of the Republic of Indonesia [ABRI], and the chief of the Republic of Indonesia Police. They will, however, still try to seek a peaceful settlement of the case.

"We have agreed to continue out-of-court negotiations while the hearing continues," R.O. Tambunan [Megawati's lawyer] said at the Central Jakarta District Court yesterday. The court resumed the hearing yesterday.

R.O. Tambunan, who represents the Team for the Defense of Indonesian Democracy [TPDI], briefly reported to a panel of judges the results of negotiations with the Suryadi camp. Tambunan told the panel that the negotiations were deadlocked. "But, we will still try to seek an out-of court settlement of the case.

After receiving the TPDI's report, the panel of judges led by I.G.K. Sukarata in turns read Megawati's lawsuit. The lawyers of Suryadi, the minister of home affairs, the chief of the Republic of Indonesia Police, and the ABRI commander presented their defense.

The lawyers of the minister of home affairs, the ABRI commander, and the chief of the Republic of Indonesia Police believed that problems within the PDI were an internal affair of Suryadi and Megawati. The defendants play the role of mediators and are ready for negotiations at any time.

Meanwhile, Suryadi's lawyers said Megawati and Alex Litaay, who were respectively elected as general chairwoman and secretary general of the PDI Central Executive Council at a national consultative meeting, had no right to file the lawsuit, because Suryadi and Buttu Hutapea had been the party's legitimate general chairman and secretary general respectively since the Fourth PDI Congress in Medan. The lawyers of the minister of home affairs said the Central Jakarta District Court had no authority to hear the lawsuit and believed that the State Administration Court had the authority to do so.

Tambunan said after the hearing: "In principle, we are ready for a peaceful settlement, but we consistently want Megawati to be recognized as the legitimate general chairwoman of the PDI Central Executive Council. [passage omitted]

Laos

Laos: President Gives Constitution Day Speech

BK2708101396 Vientiane VIENTIANE TIMES in English 27 Aug 96 p 6

[Speech by Lao President Nouhak Phoumsavan on the occasion of the fifth anniversary of the National Constitution — place and date not given]

[FBIS Transcribed Text] Five years ago, it was the first time in the history of the nation that the Lao people of various ethnic groups exercised their freedom and democratic rights to create the most fundamental legal document of the nation.

The people have also embraced the constitution into their social life. It has only been five years but the spirit of the important document has been put into practice by the people, who have united to safeguard and develop the country in line with the policy of comprehensive, principled renovation of our Party.

As we are aware of the significance of this event, today we are proud for having organised the celebrations of the fifth anniversary of the National Constitution at a time when the entire Party, army and people are translating the resolutions of the sixth Congress of the Lao People's Revolutionary Party into a revolutionary drive in all respects.

The celebration of the fifth anniversary of the National Constitution is of great significance because this date is part of the historic days of the nation. All these historic days are related to support the development of the revolutionary movement of our people in order to meet the needs in a new stage.

Speaking about the National Constitution alone, all sectors, organisations and localities have implemented the decision of the Political Bureau of the Party Central Committee concerning a campaign for the celebrations of this historically important day.

Throughout the campaign, the grassroots have carried out their daily work along with attending sessions of studies of the constitution and taking part in the political life of the people. The people of various ethnic groups have increased their responsibilities in expressing their own opinions on the implementation of the constitution and law. This process has improved their understanding of the constitution and laws, and boosted their political awareness in shaping the destiny of the country. All the institutions and grassroots have combined the implementation of the constitution and law and their daily routine.

On this magnificent occasion, on behalf of the Party and State, I would like to congratulate the rank and file of cadres, army, police, people of all social strata of all ethnic groups as well as intellectuals, who have actively participated in the implementation of the constitution and laws.

At the same time, I would also like to congratulate both Lao and foreign businessmen as well as foreign residents living and working in the Lao PDR [People's Democratic Republic], who have participated in implementing the constitution, and who have contributed in cash and kind to the celebrations of the Constitution day.

In this joyful atmosphere, we pay homage to the great virtue of our Respected President Kaysone Phomvihan. It was the late President who formed the Lao People's Revolutionary Party and the Lao People's Democratic Republic. He also initiated the creation of the first Constitution of the Lao PDR.

At the same time, we also pay tribute to the great deeds of our Party and State leaders, in particular, Comrade Souphanouvong, Comrade Phoumi Vongvichit, Comrade Sisomphon Lovansai, Comrade Phoun Sipaseut, Comrade Sali Vongkhamsao, Comrade Somlat Chanthamat and other comrades, as well as cadres, combatants and people of various ethnic groups, who have laid down their lives for the revolutionary cause of our country.

I, therefore, would like to invite you stand up and bow, as a tribute to President Kaysone Phomvihan and other comrades, Party and state leaders, as well as those who sacrificed their lives for our revolutionary cause.

We celebrate this fifth anniversary of the National Constitution today to describe the pride of the Lao people of various ethnic groups, who jointly fought for a long time to safeguard and build their Fatherland.

Furthering and developing the traditions of patriotism, unity, and the valiant and unyielding struggle, and under the leadership of the past Indochinese Communist Party and the present Lao People's Revolutionary Party, the Lao people staged a long and arduous struggle with great sacrifice for the survival and continued growth of the nation.

This struggle led to the total liberation of the country and the establishment of the Lao PDR on December 2, 1975. This event opened up a brilliant era for the country with gains of independence and freedom for the Lao people of all ethnic groups, who now shape the destiny of the country themselves.

This constitution reflects the level of economic and cultural development and psychology of the people of various social strata and ethnic groups.

Therefore, the promulgation of the constitution was an important event in the political life of our nation. Since that day, we have created a number of necessary laws based on the constitution. In view of the real situation in our country, the constitution defines fundamental issues in many areas.

First, it determines the sacred interest of the nation, which involves national independence, sovereignty and territorial integrity. This constitution also defines the freedom and democratic rights of the people, including the rights and obligations of citizens in the people's democratic regime. Also clearly defined in the fundamental law is the system of ownership for the economic sectors and other major factors.

The promulgation of the constitution was in response to the desire of the awaiting people. Therefore, the people of various social strata and all ethnic groups have expressed their support and agreement to it. In addition, they have confidence in the new regime, are happy in living their lives, jointly carrying out socio- economic development, to ensure its continued growth. The living conditions of the people have improved gradually. All these represent the main force which is born out of national stability, unity and concord.

The promulgation of the constitution and some laws also met the interest of friends over the world. With a sound and adaptable constitution, friends in both neighbouring and distant regions have expressed their support and provided assistance and co-operation to our country. Foreign businessmen have increased their investment in our country. These support and co-operation have helped create stability, and raise the role and reputation of the Lao PDR internationally, in particular in Southeast Asia. Now, the Lao PDR is preparing itself to become a member of the Association of the Southeast Asian Nations (ASEAN) next year. On the other hand, we must realise the fact that the management of state, economy and society by constitution and law is still a very new issue for us. Thus, we need a definite time to educate and upgrade the legal knowledge of our people.

In the past, we have not been able to avoid weaknesses or omissions. In particular, understanding of the constitution and laws in the whole society was still limited. This situation demands an urgent solution in order to raise legal consciousness, which is reflected in deeds. In other words, this is to boost both political knowledge and consciousness of the people.

Now, we are facing a new development and the people of various ethnic groups must jointly work on the implementation of the renovation policy, which is described in the resolution of the Sixth Party Congress as well as in the socio-economic development plan to the year 2000. That is the great task in national defence and development in line with a direction of building and developing the people's democratic regime.

The direction aims to reach a goal of building Laos into a country of peace, independence, democracy, unity and prosperity, and to further contribute toward making Southeast Asia into a region of peace, stability, friendship and co-operation in development. This policy will also contribute to the movement for peace, national independence, democracy and social progress in the world.

In response to those needs, we must continue to consolidate our state along a direction of building a state which is of the people, by the people and for the people. We must also increase the efficiency of the state management by the constitution and laws.

In the immediate future, we must continue to study and promulgate a number of necessary laws for various sectors, in addition to improving the laws already in force. These laws have to conform with the level of socio-economic development in our country and in the region at each stage.

We also have to make the instrument for the state management more complete. Education and training on the constitution and laws has to be provided in a deeper sense for cadres, state officials, military, police and people of various ethnic groups. Through this education, every person will understand all about the constitution and laws. In other words, our aim is to raise the consciousness of laws in the whole society which is again reflected in deeds.

On this grand occasion, I would like to call on the people of all social strata and ethnic groups to strengthen their unity in the spirit of shaping the destiny of the nation. They are also called upon to take an active part in the tasks of national defence and development, and to fully exercise their rights and obligations to the nation.

I would also like to call on foreign residents as well as foreign communities living and working in the Lao PDR to join the Lao people of ethnic groups in implementing the law of the country.

Lao residents living abroad, who have patriotism and love for the country, are also called upon to turn towards their mother country, contributing to the task of developing their homeland into a wealthy and prosperous country. This is also in their own interest.

I also urge the Party organs and State administrations at each level to increase their leadership and correctly and fully implement their roles as provided in the constitution and laws. Party members and administration authorities are urged to set themselves as models in implementing the constitution and laws, developing the role as the leading banner in order to rally the overall strength of the nation. Our joint effort is needed to build our nation into a wealthy country, in which society sees serenity, order and justice, and where people are content.

Philippines

Philippines: Ramos Calls for New Approach to APEC Economic Cooperation

BK3008082596 Manila BUSINESS WORLD in English 30 Aug 96

[Report by Paul N. Villegas — received via Internet]

[FBIS Transcribed Text] The Philippines wants to amend the framework that would govern economic and technical cooperation among the member economies of the Asia-Pacific Economic Cooperation (APEC) forum. The objective of the move, government officials said, is to facilitate trade and investment in the region.

President Ramos, current chairman of APEC and host of the forthcoming leaders meeting in Subic this November, wants the group to veer away from the traditional development cooperation that is observed between rich and poor countries.

"APEC needs a new model of economic and technical cooperation, one where the initiative and participation are not limited to governments, where everyone contributes commensurate with capabilities, where priorities are jointly set, and where there are no junior partners but only equal partners," he told delegates Wednesday night at the Shangri-la Hotel Manila attending the Carlos P. Romulo Foundation's conference on "Deepening Asia-Pacific Cooperation."

The three-day conference on security and economic issues gathers some of the region's leading policy makers. These include Japan's Ambassador to the United Nations Hasashi Owada, New Zealand's Trade Minister Philip Burdon, National Security Adviser Jose Almonte, Foreign Affairs Undersecretary Rodolfo Severino, SGV chairman Washington Sycip, former US ambassador to the Philippines Michael Armacost, former South Korean Foreign Minister Han Sung Joo, former Foreign Affairs Secretaries Roberto Romulo and Raul Manglapus, and former Australian Foreign Minister Gareth Evans.

Pillar

Economic cooperation is one of the three pillars identified by the APEC leaders last year in Osaka, Japan. Although the grouping's developing economies have warmly welcomed the concept, the industrialized ones were more apprehensive since they fear APEC might lose track of its goal to focus on trade and investment facilitation.

The developing economies are hoping to capitalize on the benefits they would derive from economic and technical cooperation through the transfer of technology.

What Mr. Ramos wants, however, is to go beyond the mere sharing of wealth among the APEC members and elevate the economic cooperation track to "build a sense of community" within APEC.

"Some people tend to view all this talk about building an APEC community as quixotic. But they would not do so if the enterprise were described in the more familiar terms of building a broader constituency for APEC," Mr. Ramos said.

"Our political leaders view this higher mission as a necessary task towards pace and development. It is this practical spirit that we should strive to operationalize," he added.

Meanwhile, Mr. Ramos said he expects to receive the recommendations of the conference's delegates on how to institutionalize the private sector's participation in regional security and economic cooperation.

The Philippine Government is also banking on its hosting of the APEC leaders meeting this November and other related events to boost the country's tourism receipts.

Philippines: Manila To Support Stronger Pro-Labor Provisions in APEC

BK3008061296 Manila PNA in English 0328 GMT 30 Aug 96

[Received via Internet]

[FBIS Transcribed Text] Manila, Aug. 27 (PNA) — Trade and Industry Undersecretary Ernesto M. Ordonez said today that an interagency networking committee on APEC Human Resources Development [HRD] has agreed to support stronger pro-labor provisions made by nongovernment organizations (NGOs).

In particular, the Philippines will support the inclusion of cooperative projects on human resources development on labor-management cooperation, monitoring of migrant women workers, and access to higher employment to export-oriented industries.

Ordonez said that suggestions of NGOs will be included in the Philippine position in the APEC process. These labor-related provisions are expected to address some labor issues such as contract schemes, casualization, and equitable access to training.

In an APEC consultation on HRD held at the BOI [Board of Investments], director Reydaluz Conferido of the International Labor Studies, Department of Labor and Employment (DOLE), said among the initiatives made by NGOs to be included in the drafting of the position on HRD for APEC include sharing of best practices experience in member-economies on improving working conditions to enhance enterprises productivity, thus guaranteeing compliance to labor standards; circulation of best practices in labor-management cooperation in a competitive environment as well as safeguarding unionism, workers welfare status resulting from cross-border work, and protecting women migrant workers; and comparative study on women access to higher employment especially higher level jobs and training opportunities in export-oriented industries.

Another area discussed was the recognition of labor skills qualification where a human resource such as engineers from Malaysia or Indonesia will be accorded similar treatment/status as those coming from other APEC member-economies.

Philippines: Muslim Rebel Group Vows To Pursue Self-Rule in Mindanao

BK3008082496 Manila PHILIPPINE DAILY INQUIRER in English 24 Aug 96 p 16

[Unattributed report]

[FBIS Transcribed Text] Davao City — Nur Misuari, head of the Moro National Liberation Front [MNLF], has failed to convince a breakaway Moro rebel faction to support his peace agreement with the government.

During a meeting last week with Misuari in Cotabato City, Ghadzali Jaafar, head of the Moro Islamic Liberation Front [MILF], formally rejected the proposed Southern Philippines Council for Peace and Development [SPCPD] and Misuari's entry into the race for governor of the Autonomous Region in Muslim Mindanao [ARMM].

Jaafar said Misuari narrated how the peace process went and the problems negotiators encountered but did not categorically elicit the MILF's support for either the SPCPD or ARMM.

Jaafar said whatever agreement is reached by the MNLF and the government, it would not change the position of the MILF — to demand for self-rule in the entire Mindanao region.

Jaafar said Misuari will surely win the governorship of the four- province ARMM in the elections on Sept. 9 and when he sits as governor, "he will try to introduce some reorganization in the ARMM."

"I don't know what he'll do. If the same people will sit in the (ARMM) administration, nothing will change."

But Jaafar said he is pessimistic that Misuari can do more than past ARMM governors.

"He will not be able to run the (ARMM) government while he's beholden to the Manila government," he said.

"I think it will be very very hard for him to run the affairs of ARMM independent from the Manila government. The wishes of Malacanang [presidential palace] will certainly prevail," he added.

Jaafar also said even if Misuari gets more provinces to join the ARMM three years from now, Misuari will end up with only one term as ARMM governor because "how can you expect a Moro candidate to win in a majority of non-Moros?"

"Either he licks the system or joins it," Jaafar said.

The MILF is itself negotiating for a settlement of disputes which led to armed hostilities between the Moro group and government soldiers that resulted in the killing of at least 34 people in Carmen, North Cotabato.

Leaders of the MILF said they would continue negotiating with the Armed Forces to bring peace to the Mal-Mar area, where a P [pesos] 3.4-billion irrigation project is being built aimed at bringing water to some 11,000 farm lots some of which are owned by MILF men.

MILF leaders are opposing the deployment of government troops to guard the project.

Philippines: Opponents of SPCPD To Stage Protest Actions on 2 Sep

BK3008014896 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 29 Aug 96

[FBIS Translated Text] Opponents of the SPCPD [Southern Philippines Council for Peace and Development] continue their opposition despite the resolution of the remaining contentious issues in the Mindanao peace agreement.

In Zamboanga, Congresswoman Maria Clara Lobregat called on the people of Mindanao to join a wide protest movement against the Mindanao peace agreement. Lobregat calls on government employees and students to join in the half-mast raising of the Philippine flag on Monday, 2 September. She also called on different business establishments to close for half-day on Monday as protest against signing of Mindanao peace agreement.

Philippines: De Villa Says Insurgency Declining, Foreign Threats Rising

BK3008072696 Quezon City MALAYA in English 26 Aug 96 p 6

[Report by Nelson De Guzman]

[FBIS Transcribed Text] Defense Secretary Renato De Villa has said that threats from communist insurgents and the secessionists groups in Mindanao have eased, but the country still faces serious threats from outside.

De Villa told the House appropriations committee that foreign vessels continue to intrude into Philippine waters, and unless Congress approves the Armed Forces modernization plan, the intrusions will remain a serious problem.

De Villa said reports from the International Maritime Bureau show that piracy is highest in the ASEAN region and there is a need to strengthen the country's border security.

He said the country is lagging behind in defense spending compared to other ASEAN countries.

"There is a significant weapons build-up in the Asia-Pacific region but this build-up is not an arms race but a move by other countries to replace obsolete equipment and upgrade internal security," he said.

He said the AFP [Armed Forces of the Philippines] plans to use the bulk of the proceeds from the sale of military properties under the Bases Conversion Law for the purchase of modern defense equipment to secure the country's borders.

De Villa also said that even with the peace agreement, the extremist Abu Sayyaf group and the Moro Islamic Liberation Front [MILF] still have to be dealt with militarily until they are persuaded to negotiate peace.

De Villa said that Abu Sayyaf membership has increased by seven percent and its firearms inventory by 26 percent last year. But he said the MILF led by Hashim Salamat has expressed willingness to participate in the peace process.

He said the emergence of a new rebel group, the Islamic Command Council, is another internal security concern. He said the shadowy group, reportedly led by a former MNLF [Moro National Liberation Front] commander with links to the Abu Sayyaf, was responsible for the raid on Ipil town in Zamboanga del Sur two years ago.

De Villa asked legislators for an additional outlay of P[peso]2.4 billion on top of the proposed defense budget of P[Pesos]42 billion for 1977. He said the amount will fund the integration of 5,500 MNLF regulars into the AFP over a three-year period.

Thailand

Thailand: Analysis of Southeast Asian Investment

BK3008111196 Bangkok BANGKOK POST in English 30 Aug 96 p 11

[Article by Nutsara Sawatsawang: "Opening Up to Outside Participation."]

[FBIS Transcribed Text] Japan is taking further steps to secure its economic interests in Southeast Asia by contributing to the writing of new trade and investment rules. But the reactions to this among Southeast Asian countries contrast sharply.

The poorer countries of Indochina and Burma — several still claiming to operate under socialist principles — welcome Japan's assistance almost without reservation. By contrast, the market-oriented ASEAN economies are adopting a markedly guarded response.

All of this could come together next month when ASEAN ministers meet the Japanese international trade and industry minister at the end of their annual conference in Jakarta.

In preparation for the meeting, various groups of officials and private sector representatives from ASEAN, Japan, the Indochinese countries and Burma have been discussing issues ranging from the legal framework needed by the fledgling market economies to the interests of Japanese companies under ASEAN's own cooperation projects.

Last week it was the turn of a working group on economic cooperation in Cambodia, Laos and Burma. Organised by the Japanese Ministry of International Trade and Industry (MITI), the working group approved a code of reference for private infrastructure projects in Vietnam already an ASEAN member — as well as Laos, Cambodia and Burma.

The code was drafted by a group of experts under the leadership of the Japanese Government's Export and Import Bank. It focuses on how to guarantee private investors profits from various types of privatised infrastructure projects.

Among these are "build-operate-transfer" developments, in which the projects are built and operated for a period by the private companies before being transferred to the state and "build-operate-own" operations in which the private companies ultimately retain ownership of the projects.

In both cases, private firms will only be interested in investing if they are confident they call earn profits and repatriate their earnings. The new code is designed to give investors that assurance.

Two factors are important: guarantees that profits will not be eroded through government policies that force down service prices — for example, highway tolls — and guarantees that hard currency will be available for repatriating profits.

The president of Japan's External Trade Organisation (JETRO), Noboru Hatakeyama, sees specially protected bank accounts — known as escrow accounts — as one means of ensuring profits can be repatriated, particularly if the project earns foreign exchange.

Some of the currency earned — for example, from exporting electricity — would be set aside in escrow accounts specifically for profit repatriation, he suggests.

Private investors would then be able to withdraw the money in hard currency, ensuring that the country's domestic economic conditions will not affect the projects, especially if exchange rates are unstable.

Private investors should be able to calculate more reliably what their returns from the infrastructure projects will be, said Mr. Hatakeyama.

Under the proposed framework, Japan's EXIM Bank also favours the establishment of a "viable" investment code, a specific law to cover build-operate-transfer, a rational and predictable tax system, and an effective and credible judicial system with dispute resolution mechanisms.

The bank also proposes a single agency or a "central window" for developing and implementing build-operate-transfer projects. This has been successful in the Philippines and Pakistan.

The framework is part of a set of policy recommendations agreed to by officials from the 11 participating nations — the ASEAN seven, Japan, Burma, Cambodia and Laos.

It will be tabled for approval next month in Jakarta at the biennial consultations between ASEAN economic ministers and the Japanese international trade and industry minister.

So far, the Mekong countries readily welcome Japan's help. Cambodian Commerce Minister Cham Prasit and Lao Vice President of the Committee for Planning and Cooperation Khampheng Phonsena both see this as an instrument in helping accelerate their countries' preparations for joining ASEAN next year.

For Cambodia, security concerns are also possibly a priority. Mr. Cham Prasit said a satellite survey conducted by the Japanese to map mineral deposits would help his government reach those mines currently in the hands of "other groups of citizens" a reference to the dissident Khmer Rouge and earn more foreign exchange income.

Cooperation in promoting the transition to market economies in Cambodia, Laos and Burma is one task ASEAN and the Japanese have set themselves.

Observers say Japan is far-sighted in exerting efforts to place these poorer countries' legal systems on firmer ground. The present systems suffer from frequent changes and a lack of standards, causing uncertainty among investors.

"Imagine how much benefit Japan would gain if one day all 200 million people of the Mekong countries used Japanese-made transistor radios" said one.

Japan is not only looking at Cambodia, Laos and Burma, however. The wealthier and much larger ASEAN markets with 400 million consumers are still more of a priority.

The big Japanese corporations, particularly those in automobiles and consumer electrical goods are worried that new free trade rules within ASEAN will actually divert trade away from them. If this happens, it would conflict with one of the declared objectives of the ASEAN Free Trade Area — to make the Southeast Asian market more attractive to investors such as Japanese corporations as well as local companies.

One group of experts, led jointly by Japan, Malaysia and Thailand, has expressed concern about the new ASEAN

Industrial Cooperation (AICO) scheme. AICO is designed to reduce the erosion of incentives caused by the 10-year tariff cutting programme of the ASEAN Free Trade Area. It grants tariffs on approved components, materials and finished products projects of between zero and 5 percent immediately when traded within ASEAN.

Earlier programmes meant slower import tax reductions and therefore less of an incentive for investors. In t?e end, however, even new programmes such as AICO will be meaningless once ASEAN reaches its free trade targets.

The group of experts called on the governments of ASEAN to implement the industrial cooperation scheme in a "smooth, transparent and fair" way. It addressed ASEAN's concerns as well as those of the Japanese.

For example, it said Japan's automobile industry one of the beneficiaries of the industrial promotion — should "positively" carry out technology transfers to local companies in the region by increasing the scale of their production and profitability as well as the actual technological level.

On the Japanese side, MITI, which led the expert group on consumer electrical goods, is concerned that near-zero internal tariffs under ASEAN free trade, combined with higher tariffs on parts imported from outside ASEAN, are hurting investment in ASEAN as well as exports from Japan.

MITI says the higher tariffs on components is unjustified, particularly when domestic production of these parts does not exist in ASEAN countries. The Japanese ministry says this policy raises costs and weakens ASEAN's competitiveness as a manufacturing centre.

It also complains that the ASEAN Free Trade Area will divert trade increasing trade within ASEAN but reducing outsiders' share of the ASEAN market because only programme could also distort foreign investment because of the requirement that at least 30 percent of shareholding be owned by companies in the host country, says the MITI-led expert group report.

Thai Foreign Minister Amnuai Wirawan said ASEAN is willing to discuss its members' external tariffs, but Japan would have to respond by reducing its own trade barriers — understood to be a reference to Japanese restrictions on rice and other agricultural imports.

Automobiles and electronic goods are among 14 sectors under study. The others include tourism, financial and banking services, transport, telecommunications, and textiles and garments.

Some ASEAN delegates are suspicious of MITI's "hidden agenda". particularly in preparing reports by expert groups led by Japanese. One who took this view nevertheless welcomed the opportunity for recommendations to be drafted as an opportunity for ASEAN and Japan to prepare assistance for Cambodia, Laos and Burma.

Choetphong Siriwit is deputy director-general of the Office of Industrial Economics and a member of the automobiles expert group. He concluded that Japan was pushing to expand its economic presence in the region in order to save production costs.

It is therefore up to ASEAN's individual member states to "take advantage" of the principles being set, he said.

For example, Mr. Choetphong said joint ventures in the automobile sector could export to new neighbouring markets.

Another ASEAN official, despite accepting the fact that there are some member states wanting to prolong the imposition of high tariff rates to encourage import substitution industries, said it was ASEAN's aim to comply with rules and regulations under other regional and international trade cooperation.

But despite ASEAN's more cautious response to Japanese probing on the group's own regulations, ultimately the two prongs-efforts in Cambodia, Laos and Burma and those in ASEAN itself are likely to merge when the three non-members join ASEAN.

Thailand: Burmese Envoy Clarifies Government's Stance

BK3008065196 Bangkok BANGKOK POST in English 30 Aug 96 p 11

[A letter from the "Postbag" Column]

[FBIS Translated Text] I would like to clarify my government's stance with regard to the Bangkok Post editorial on Aug 24 and the article "Burma increases pressure after ASEAN acceptance" printed on the same day.

The legal action taken against the NLD [National League for Democracy] activists was interpreted by a diplomat stationed in Yangon [Rangoon] as the act of a regime getting bolder after achieving progress towards entry into ASEAN. This is a view held by pessimists who usually paint gloomy pictures on whatever the Myanmar [Burma] Government does. In fact, the legal action taken against NLD activists was in accordance with existing laws on activities that destabilise peace and tranquillity. Stability plays an important role in a developing country like Myanmar, which is practising market-oriented economics by inviting foreign investment. It is quite normal and natural for her to protect stability at any price.

In the process of development, the Government bears in mind the long-term interest of the whole nation and will never practise discrimination against any minority. One might freely hold a view on a certain government but it will be rather lopsided if all steps taken by the Myanmar Government are seen pessimistically and ignore the reality.

Embassy of the Union of Myanmar

Thailand: Burmese Junta Orders Crack Down on Thai Loggers

BK3008043796 Bangkok THE NATION in English 30 Aug 96 p A3

[Unattributed report]

[FBIS Transcribed Text] The Burmese army has stationed 1,000 soldiers along the border of neighbouring Tak's Mae Sot district to prevent Thai loggers from crossing into Burma.

District chief Somchai Hathayatanti yesterday warned locals against crossing the border to carry out illegal logging in the Myawaddy area as they would be putting their lives at risk.

Military officials of the Mae Sot-based 4th Infantry task force learned from their Burmese counterparts that the ruling military regime in Rangoon had ordered the crackdown, Somchai said.

Thailand: MOU Signed With Burma on Banking Service for Border Trade

BK3008113696 Bangkok PHUCHATKAN in Thai 30 Aug 96 p 3

[Unattributed report]

[FBIS Translated Text] The Thai Bankers Association signed a memorandum of understanding [MOU] with the Burmese Government's Myanmar [Burmese] Economic Bank, and Myanmar Investment and Commercial Bank for service in banking management and administration under a program to promote the Thai-Burmese border trade. Dr. Thawatchai Yongkittikun, secretary general of the Thai Bankers Association signed on behalf of Thailand.

Under the agreement, the Myanmar Economic Bank will be in charge of coordination on the Burmese side, while the Siam City Bank will be the coordinator for Thai banks. This will take effect at the same time as the enforcement of the border trade agreement already signed between the two countries on 17 March — Thailand and Burma had signed a memorandum of understanding on border trade at the government level, with major points covering immigration, customs, and banking procedures.

Under the memorandum of understanding on banking service for border trade, under which the Siam City Bank in Rangoon will represent Thai commercial banks, border trade transactions which do not exceed US$20,000 will be paid in draft, whereas transactions of greater value will be paid by letter of credit under the international trade standard. The U.S. dollar will be the only currency unit used since it is difficult to define the exchange rate between the Thai baht and Burmese kyat. This, despite the fact that trade at the border is being conducted in either baht or kyat currency unit.

Thai banks participating in the signing of the memorandum of understanding are: the Siam City Bank, Thai Military Bank, Thai Farmers Bank, Bank of Ayutthaya, Krung Thai Bank, and Bangkok Bank.

Thailand: Thai Group To Build Financial Services in China

BK2908123796 Bangkok BANGKOK POST in English 29 Aug 96 p 12

[Report by Sunrat Bunyamani]

[FBIS Transcribed Text] Charoen Phokhaphan Group, Thai Farmers Bank and M. Thai Group are gearing up to build the largest Thai-run finance service in China.

Their joint venture, TM International Bank, recently added a Shanghai branch to its first in Shantou. Her Royal Highness Princess Sirinthon presided at the Shanghai ceremony.

With its representative offices in Guangzhou and Beijing, TM International's network equals that of Bangkok Bank.

But if the four representative offices of Thai Farmers Bank are included, the new bank's partners have the largest Thai-run financial network in China.

CP Group has 100 ventures in China ranging from farming to telecommunications.

Group chairman Thanin Chiarawanon said although TM International's performance in its first five years had not been impressive, he was confident it would soon be very successful.

"CP has never invested in business with tough competition. If we invest in any business, we must be confident there is room for us to grow and the finance business in China has bright prospects." Mr Thanin said.

He noted the Chinese government's policy to open the country to foreign investment and intensively develop its economy.

Mr Thanin believes China will be compelled to liberalise its financial sector and he wants TM International to be well prepared.

The bank has increased its registered capital from US$20 million to $100 million. CP Group's share has increased from 20% to 26% and M. Thai's from 60% tp 66%, but Thai Farmers Bank has reduced its stake from 20% to 8%.

Mr Thanin said he had never planned to make TM International CP's source of funds for investment in China.

"As CP we can borrow very cheaply anywhere in the world, we have no need to borrow from this bank." he said.

TM International has an advantage over other foreign banks in China as it can do business in the local currency. This makes it easier for foreigners, particularly Thais, to invest in China hecause they do not have to convert their own currency into dollars first.

CP Group's business centres are in Shanghai and Beijing, and it is expanding to Guangzhou and Guangdong, two cities where it plans to build factories making animal feed to supply Chinese farmers.

Thailand: Finance Minister Calls for Export Growth Review

BK3008051996 Bangkok BUSINESS DAY in English 30 Aug 96 p 1

[Report by staff writer]

[FBIS Transcribed Text] Finance Minister Bodi Chunnanon said yesterday he had asked the Bank of Thailand (BOT) to carefully check and find out why export growth in the first seven months of 1996 was so low.

Mr. Bodi said he did not believe the situation regarding the country's export expansion could be that bad.

"The export growth in the last two months was still averaging at 9.2 percent, Mr. Bodi said, adding he did not understand why this dropped to 3.8 percent after adding the other months.

Mr. Bodi said export operators insisted that there was no problem that would force the export growth to drop that low.

He added last year's export growth was high due to technical error.

The 24 percent export growth was registered last year as a result of inclusion of export figures coming from operators claiming value added tax [VAT] refunds.

Mr. Bodi said export growth was no where near 24 percent as cheating of VAT refunds distorted actual growth.

Thailand: Analysts Forecast Slowing Economy After BOT Economic Data

BK3008052196 Bangkok BUSINESS DAY in English 30 Aug 96 p 1

[Report by staff reporter Brett Cole]

[FBIS Transcribed Text] The slowing economy will dampen export growth and enlarge the current account deficit which will scare off foreign capital and keep interest rates high, said analysts following the release of the Bank of Thailand's (BOT) latest statistics yesterday.

Suchada Kirakun, the deputy director of the central bank's research department, said the economic slowdown, which began at the beginning of the year, has not yet bottomed out.

Private investment in residential, commercial and industrial construction, expressed through the private investment index (PII), continues to retreat.

In July the PII rose 8.5 percent year on year compared to February when it was up 13.5 percent.

Sriyan Pietersz, the strategist at Capital Nomura Securities, said this year the current account deficit as a percentage of Gross Domestic Product (GDP) will exceed the BOT's forecast of 7.8 percent as export growth will fail to live up to the central bank's expectations .

Mr. Pietersz said in the first seven months this year exports were up 3.8 percent year on year compared to a BOT predication that exports will rise 10.2 percent in 1996.

If export growth is going to reach the BOT forecast of 10.2 percent this year, he said, then it will have to be close to 20 percent for the next five months.

"It will be very difficult for (exports) to get there," he said.

An analyst said the current account deficit will probably be higher than 9 percent of GDP.

The current account deficit for June was 34.0 billion baht, down from 35.5 billion baht in May.

"Obviously, export's contribution to GDP has to come down which means GDP growth has to come down and that means the current account deficit as a percentage of GDP could be bigger than 9 percent," said the analyst. "It's 8.8 percent right now."

Paul Ensor, a director at UBS Securities (East Asia), said he was looking for a current account deficit of 8.3 percent of GDP.

Net capital inflows plummeted to 12 billion baht in July compared to 54.5 billion baht in June, the analyst said.

A drop in foreign capital inflows will tighten liquidity in the money markets and give banks less room to lower their prime lending rates.

Mr. Ensor said Thailand needs interest rates cuts to help revive the economy and company earnings.

"(But) monetary policy is constrained by the pegged exchange rate system, a resilient current account deficit and by large external short term liabilities," he said.

Thailand: Constitutional Amendment Bill Clears Second Reading

BK3008005696 Bangkok THE NATION in English 30 Aug 96 pp A1, A6

[Unattributed Report]

[FBIS Transcribed Text] The coalition yesterday won the Constitutional Article 211 amendment bill showdown when Parliament decided that candidates for the proposed charter-drafting assembly will screen themselves instead of being screened by voters.

The charter bill cleared its second reading last night, and the final vote is set for Sept [September] 14.

Supported by senators, the coalition voted to accept a proposal by Phiraphan Phalusuk (Chat Thai-Yasothon) to allow candidates to vote among themselves for the 10 semi-finalists from each province.

Parliament will then select one of the 10 candidates from each province, giving the assembly 76 representatives who will draft a new charter along with 23 academics who are to be handpicked by Parliament.

The victory led to strong protests by opposition MPs who complained that the coalition had distributed voting guidelines to senators and coalition MPs asking them to vote in line with the government's stand.

The voting results on the second reading of the 211 amendment bill were exactly what the guidelines had called for. It asked coalition MPs and senators to vote in support of proposals by the House-Senate committee which vetted the bill, except on how to select the candidates.

The House-Senate panel proposed that voters in each province elect three nominees for the assembly, from which Parliament would then select one representative. The House-Senate panel's stand on how to select the candidates was initiated by the Democrat Party.

Two steps were required in deciding how to select candidates for the assembly. First, Senate Speaker Michai Ruchuphan asked Parliament to choose between the draft prepared by the House-Senate panel or three other proposals, by Phiraphan and two other MPs.

The coalition initially won, 214 to 131, in voting down the proposal of the House-Senate panel.

In the second vote, which came at the request of Thanin Chaisamut (Democrat-Satun), the coalition overpowered the opposition 229 to 131 votes.

About 20 senators voted for the proposal of the House-Senate panel, which is headed by Senator Chai-anan Samutthawanit, while the Phalang Tham Party, which has pulled out of the coalition, chose to side with the coalition.

Sunai Chunlaphongsathon (Chat Phatthana-Nakhon Sawan) requested another vote by roll-call, which was objected to by Adison Phiangket (Nam Thai-Khon Kaen) who feared a roll-call would delay the deliberation process.

In the second step, when Parliament had to choose between the three options, Phiraphan's proposal won with 242 votes. Proposals by Chai Chitchop (Chat Thai-Buri Ram) and Prasop Butsarakham (Chat Phatthana-Udon Thani) received 14 and 40 votes respectively.

Before and during the voting on the candidacy selection, several opposition MPs criticised the government for distributing copies of voting guidelines inside Parliament.

At one point, Michai was prompted by the opposition to indirectly join the criticism.

Alongkon Phonlabut (Democrat-Phet Buri) said Parliament would waste its time debating the amendment bill now that the government had distributed voting guidelines to parliamentarians.

Thawon Kasomsak (Democrat-Tak) said copies of the voting guidelines were distributed inside the assembly hall, causing parliamentarians to "vote against their will". Thawon proposed that another vote on the candidacy selection be held by secret ballot.

Atthasit Sapsit (New Aspiration-Nakhon Panom) protested, however, saying he had never seen a copy and asked Thawon to withdraw his statement.

But Thawon produced a copy of the guidelines and asked other parliamentarians to show the copies they had received. Only opposition MPs had copies.

Attempting to end the dispute, Michai said it was not true that parliamentarians did not cast their votes freely.

"I saw that the opposition also had the voting guidelines, but they voted otherwise," Michai said. "Nobody has pointed a gun at parliamentarians here forcing them to vote." Michai said voting coordination was common in Parliament and was frequently done by previous governments. Banyat Banthatthan (Democrat-Surat Thani) disagreed with Michai, saying the Chuan coalition, which preceded the Banhan government, had never distributed voting guidelines in the assembly.

Defending himself, Michai indirectly criticised the Banhan government. "I did not use the word phoi (voting guideline). I said all governments had their own methods to control their votes, but a clever government would not make it too obvious. A government, which is not so clever, will make it too obvious," Michai said.

Opposition MPs also voiced concern that there were loopholes in Phiraphan's proposal because it could lead a draw if each candidate voted only for himself or herself. But Piyanat Watcharaphon (Chat Thai-Sisaket) said a draw could be solved by drawing lots. The opposition also voiced concern that having candidates vote among themselves for the nominees would not fully involve the public in the charter drafting.

Parliament voted to accept the House-Senate's stand on how to select 23 academics to the assembly.

Universities would propose five specialists in political science, five specialists in public law, and five academies with experience in politics and local administration to be selected by Parliament.

Parliament will then select eight political scientists, eight public law specialists and seven academics with political and local administration experience to the assembly.

After the victory, Burin Hiranburana (Chat Thai-Sa Kaeo) admitted to reporters that the copies waved by the opposition had really been distributed by the coalition.

Burin said Phiraphan prepared the list and submitted it to the coalition whips at noon and won approval for it to become the coalition's stand.

"In this case, the whips played the leading role, not the government," Burin said.

He said senators also cast votes according to their own consciences because "no one can influence senators".

Deputy Prime Minister Samak Sunthorawet also told reporters that there was nothing wrong in trying to control votes inside Parliament.

"There's nothing wrong with it. Or do you reporters think when the Democrats did it, it was right, and when this government does it, is it wrong?" Samak said.

Thailand: Poll Confirms Banhan's Popularity Deficit

BK3008025396 Bangkok BANGKOK POST in English 30 Aug 96 p 1

[Unattributed Report]

[FBIS Transcribed Text] Banhan Sinlapa-acha has come bottom of the list of preferred prime ministers for the second time in as many days.

Results of an opinion poll released yesterday by Bangkok University confirm the findings of a Ratchaphat Suan Dusit survey among military personnel .

Of 2,507 respondents in Bangkok, 36.7 percent favoured Democrat leader Chuan Likphai as prime minister, 33.8 percent Phalang Tham leader Thaksin Chinnawat; 16.3 percent Nam Thai leader Amnuai Wirawan; and 9.2 percent New Aspiration leader Chawalit Yongchaiyut.

Mr. Banhan, who scored 0.79 percent in the Suan Dusit survey, came last again with 6.5 percent on the random poll conducted between August 17-22 in Bangkok.

A total of 50.5 percent wanted a House dissolution; 21.2 percent a cabinet reshuffle; and 17.2 percent the prime minister's resignation.

Former prime minister Anan Panyarachun won landslide support as the most qualified non-politician to assume the premiership, with 85.5 percent.

Thailand: Editorial Criticizes Banhan for Trying To Stay On

BK3008043196 Bangkok BANGKOK POST in English 30 Aug 96 p 10

[Editorial: "Banhan Displays His True Colours"]

[FBIS Transcribed Text] The Prime Minister painted a ghastly picture when he appealed to the rapacious elements that make up the Chat Thai Party to rally behind him in the censure debate. The Opposition's censure onslaught, said Mr. Banhan, will be the final obstacle and, if he survives, his Government will have marched through the mud and blood to the green fields beyond.

If the Napoleonic rhetoric failed to stir the hearts of his fair-weather friends, Mr. Banhan did what he always does when he finds himself in a tight spot: he dangled the cabinet reshuffle carrot to win the unstinting support of those whose loyalty is measured in minutes and decided by their own interest.

The Cabinet to emerge in those green fields, said the Prime Minister, would be acceptable to the people and would steer the country along the straight and narrow to bring stability, prosperity and all the rest of it.

Somehow it all seems familiar but Mr. Banhan has overlooked a minor detail: the people would prefer a Cabinet in which he is not a member.

The prospect of a victorious and invigorated Banhan government kicking sand in the face of an outnumbered Opposition cannot be ruled out.

What is depressing about this government, which has bungled its way through the last 14 months, is that it has fostered a widespread belief that little of any benefit to the nation can be expected. All that can be expected is more of the same: squabbling about cabinet posts and lucrative infrastructure and defence projects; bickering among the coalition parties and manoeuvring to moderate the acquisitive instincts of factions that would not seem out of place in Palermo.

The business community here and abroad has demonstrated very clearly by its actions that there are better places to invest. The people of Bangkok know that the efforts of the Bangkok governor to give them an improved quality of life are likely to be wasted at the hands of a part-time interior minister who'is fond of saying that the capital is not the country.

Put another way, the voters of Bangkok are unlikely to favour the current coalition, so what is to be gained by working to improve their lives? The farmers, who are the backbone of this country, are reminded year in and year out that politicians' promises to improve their lot are just promises and they will have to leave their families and flock to the cities because they cannot survive on their land.

All they can look forward to is another election in which the cash-dispensing lackeys of the political parties go about the business of prolonging a rotten political system. Apart from its undoubted success in throwing a bucket of inertia and apathy over the country, the Government can lay claim to another achievement. It has shown itself to be a perfect example of the urgent need for political reform.

The Prime Minister has shown us once again his true colours. His suggestion of a major cabinet reshuffle to appease key factions within his party clearly shows that he will go to any lengths to ensure his survival. It clearly shows that he does not have the national interest at heart.

And if he decides to adopt this option he will only have himself to blame for the consequences.

Thailand: Miliatry Leaders Reject Ratchaphat Opinion Poll Findings

BK3008031796 Bangkok BANGKOK POST in English 30 Aug 96 p 3

[Report by Watsana Nanuam]

[FBIS Transcribed Text] The opinion poll in which military personnel gave the prime minister a vote of no-confidence was challenged by the brass yesterday.

Lt-Gen Rattana Chaloemsaenyakon, the armed forces spokesman, said the military had nothing to do with the Ratchaphat Suan Dusit poll of 1,617 officers and non-commissioned officers.

Senior officers in key military barracks in Bangkok had insisted none of their personnel had been polled, said Lt-Gen Rattana, who was said to have been told by Supreme Commander Wirot Saengsanit to clarify the matter.

Lt-Gen Rattana made his comments in the Chai Thung Chai (Heart to Heart) programme broadcast nationwide on military-run radio stations.

According to the poll, military officers named the Chat Phatthana leader as their preferred prime minister and Banhan Sinlapa-acha as the least preferred.

Gen. Wirot, who is close to Mr. Banhan, said the survey's findings did not represent the view of the armed forces. Had the pollsters been sincere, they would have questioned commanders, including himself, and a much larger number of officers, said Gen. Wirot.

By asking leading questions, opinion polls always came out the way the pollsters wanted, he said.

In the poll conducted in August, 48.42 percent wanted Mr Banhan to resign to improve political problems, 27.94 percent wanted the House dissolved and 23.64 ?ercent the Cabinet res?uffled . ? Gen. Wirot said the survey was subjective in that it pointed out flaws in the administration that needed a prompt remedy. The Government should not be discouraged as long as it was confident in its dedication to work and benefit the country.

As a democracy, the coming and going of the prime minister should be based on the parliamentary system.

Army Commander Pramon Phalasin said the results did not reflect military thinking. The Army, he said, had distanced itself from politics and therefore the survey was a personal matter.

Gen. Pramon did not oppose opinion polls but pointed out there were cases in which findings were at odds with reality. In the poll, Chatchai Chunhawan led with 26.83 percent and Mr Banhan came in last with 0.79 percent.

Playing down the findings, Gen. Chatchai said military personnel may have been worried about the economy and therefore wanted him to help.

"It's everybody's responsibility to help improve matters," said Gen. Chatchai, who said a new government was likely after the September no-confidence debate against Mr Banhan.

Chat Phatthana secretary-general Suwat Liptaphanlop said the poll showed that Gen. Chatchai was considered capable of restoring economic stability.

Vietnam

SRV: Army Daily Denounces Asia Free Radio

BK2808044896 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 26 Aug 96

[Commentary by Phong Hai in the 26 August issue of the QUAN DOI NHAN DAN newspaper: "The Freedom of Asia Free Radio — Who Needs It?"]

[FBIS Translated Text] The collapse of socialism in the USSR and eastern European countries is due to many reasons. One of the important reasons, which has been recognized by the Western mass media, is that the Radio Free Europe — which was set up by the United States for eastern European listeners — helped to bring down socialism in eastern Europe. During the Cold War between the two camps — socialist and capitalist — which lasted for several decades, the United States' Radio Free Europe consistently propagandized the U.S. and Western free lifestyle to the USSR and East Europe so as to effect a change in the socialist democracy and freedom there. This brought about bitter consequences upon the majority of people and genuine communists in these countries.

With the end of the Cold War, some people thought that the activities of Radio Free Europe and other U.S. world radios and television stations targetted against socialist countries would stop. Reality, however, has proven otherwise. (Kelvin Colt), director of the Radio Free Europe mentioned the importance of continued broadcasting to the former USSR as well as to central and eastern Europe. Joseph Duffey, director of the United States Information Agency, said that the role of the U.S. radio and television in the post-Cold War period is important as ever.

The socialist regime ended in the USSR and eastern European countries. Socialist countries, however, still exist in the world — with Cuba in Latin America and PRC, SRV, and DPRK in Asia. These countries are thorns and obstacles hindering the imperialists from geting what they want which is an end to socialism by the end of the 20th century. Therefore, they have adjusted their strategy to concentrate manpower, means, and equipment for intensified sabotage against these remaining socialist countries.

Fully understanding the advantages of radio and television radio in this decisive fight, the U.S. Government discussed the establishment of a radio similar to Radio Free Europe to propagate the concept of U.S. and Western freedom in Asian countries. More than two years ago, the U.S. Congress decided to set up Asia Free Radio aimed at the communist countries in Asia. This decision has caused much debate in the U.S. Government on the personnel, budget, location, and program content. It has also sparked severe criticism from Asia because this decision is imposing on, preaching to, and violating the sovereignty of the Asian countries.

In November 1995, in order to gain support from the Asian countries and cool down protest by the world public, the U.S. management agency of the radio station changed the name of Asia Free Radio to Asia Pacific Network. Many Republican senators immediately requested that the Clinton administration not reduce the important role of the Asia Free Radio and demanded an early start up because this radio would help to overthrow the communist regimes in Asia as the Radio Free Europe had done.

The birth of Asia Free Radio was actively prepared by the U.S. Government, especially the American radio and television agencies. Early this month, the news about the Asia Free Radio was widely circulated. On 1 and 18 August, RFI [Radio France Internationale] carried two reports on Asia Free Radio. On 18 August, it also cited a report from the early August issue of the FAR EASTERN ECONOMIC REVIEW saying that Asia Free Radio, which is partly funded by the U.S. Government and chaired by Richter, would start its Mandarin service in September and early next year it would broadcast 15 hours daily in Mandarin, Tibetan, Burmese, Vietnamese, Korean, Lao, and Khmer.

Encountering strong reaction from the Asian countries, a number of officials of the U.S. Administration and the Asia Pacific Network [as heard] suggested that the name of the radio station should be changed to Asia Pacific Radio to make it sound more neutral. Republican Congressman Christopher Smith from New Jersey, however, asserted the supreme principle and unchanged role of this network — Asia Free Radio, the name chosen by the U.S. Congress for the renewed and essential broadcasting service and also the name clearly prescribed by law. This means that the important task assigned by the U.S. Congress to Asia Free Radio is to propagate the concept of Western freedom, or U.S. freedom, in Asian countries, especially the socialist nations in Asia to accelerate their primary objective of helping a number of Asian countries to quickly absorb Western democracy. While the computer information system Internet has a strong and wide impact on countries in the world; the Asia Free Radio, according to U.S. broadcasting and television specialists, will have a stronger influence on listeners in Asia than the Internet or Information Superhighway over which the Asian countries are trying to impose some control.

To fulfill this aim, Asia Free Radio will broadcast programs with diversified content as stressed by the its president that in addition to fast-breaking news, the radio would provide listeners with cultural and literary programs banned in a number of Asian countries.

The Vietnamese people admire and selectively accept mankind's civilization including world culture to enrich their national culture and literature. However, as we are well aware, the cultural and literary materials being banned in Asia and Vietnam are from a cross-bred culture that incites violence; eroticism and decadent culture that teaches men to care only for money, belittle personality, and trample on human dignity and morals; and the culture that arouses the younger generation to lead a debauched lifestyle while rejecting labor and neglecting education. This is a culture that evokes admiration for foreign characteristics while defying our forefathers' traditions and our national characteristics. Is it natural that the Asia Free Radio does not realize this? The Vietnamese people and other Asian people do not need such culture or literature so why will Asia Free Radio attempt to broadcast what is banned by the host countries and boycotted by the local people? The Vietnamese people highly treasure independence and freedom more than anyone else; they contend that national independence and freedom are important factors for building and developing the country to attain the objectives of a prosperous people, a powerful country, and a equitable and civilized society to firmly advance toward socialism.

The kind of freedom that the Vietnamese people want is freedom to be masters of their own country; freedom to choose and persistently advance along the revolutionary path chosen by them more than 65 years ago; freedom to work and develop the economy, build the nation, and firmly preserve and develop the national culture; and the freedom to communicate with countries in the world community on an equal basis. We want the legal freedom and democracy that are protected by Vietnamese law to firmly maintain political stability and to build a prosperous, bountiful, and happy nation. The kind of freedom to be presented by Asia Free Radio to the Asian people, especially the socialist countries in Asia, is the same freedom that Radio Free Europe used to bring to the Russian people and socialist countries in eastern Europe. They make no secret of their intentions of helping a number of Asian countries to step up democratization and gradually shift from Asian freedom and democracy to Western, or U.S., freedom and democracy, thereby contributing to the overthrow of socialism in Asia.

We respect the independence and freedom of other nations. For this reason, we resolutely reject the kind of freedom and democracy imposed on us by foreign countries. If we obediently accept this alien freedom and democracy, we will lose our freedom and independence and our national sovereignty will be threatened. Historical lessons of the past have helped us to understand more profoundly what kind of freedom the Asia Free Radio wants to distribute to Asian nations and what are its real intentions and aims.

SRV: European Committee Creates Jobs for Returnees

BK2908160596 Hanoi VNA in English
1451 GMT 29 Aug 96

[FBIS Transcribed Text] Hanoi VNA August 29 - The Returnee Assistance Progam (RAP) of the European Committee (EC) has been running since June 1996 and is aimed at assisting the reintegration of 48,000 boat people returning to the country since July 1, 1994, including 25,000 persons who are now still residing in camps, over a three-year period.

Under the program, the EC will fund $20 million to carry out some 200 small-scale projects to build and upgrade bridges, roads, schools, rural medical stations, dikes, water supply systems, and irrigation networks as well as create jobs for returnees.

The RAP will start activities in Ho Chi Minh city, Haiphong, Dong Nai and Quang Ninh provinces where half of the total returnees in the whole country live, then will expand to 21 provinces and cities throughout the country by the end of this year.

RAP follows another program known as the European Community International Program For The Reintegration of Vietnamese Returnees (ECIP). In the 1991-94 period, ECIP provided $75 million for 80,000 returnees to reintegrate into the community.

SRV: ROK Assembly, Burmese Delegations End Visits

BK2908155896 Hanoi VNA in English 1458 GMT 29 Aug 96

[FBIS Transcribed Text] Hanoi VNA Aug. 29 — A high-level delegation of the National Assembly of the Republic of Korea (ROK) led by Chairman Kim Su-han left Vietnam today, ending a four-day official visit from August 26.

Before his departure, the ROK National Assembly chairman said he believed that the visit would promote the ROK-Vietnam friendly and cooperative relationship in the near future. He also wished the Vietnamese people many successes in national construction and modernization.

On August 28, Chairman Kim Su-Han was received in Ho Chi Minh city by Truong Tan Sang, politburo member of the communist party of Vietnam Central Committee and secretary of the city's party committee.

Also today, a high-ranking Myanmar [Burmese] military delegation headed by Lt. Gen. Min Thein, minister of the office of the chairman of the State Law and Order Restoration Council, left Ho Chi Minh city after a week-long visit to Vietnam.

SRV: Cooperation in Broadcasting With PRC

BK2908164396 Hanoi VNA in English 1511 GMT 29 Aug 96

[FBIS Transcribed Text] Hanoi VNA Aug 29 — The Voice of Vietnam and the Central People's Broadcasting Station of China will boost comprehensive cooperation, exchange programmes, technicians, and reporters under a cooperation agreement reached during the China visit by the Voice of Vietnam delegation.

The delegation led by General Director Phan Quang during the working visit to China from August 22-27, held talks with China's Minister of Radio, Film, and Television Sun Jiazheng and the leadership of the Central People's Broadcasting Station. They visited some cultural and historical places in Beijing and Shenxi Province.

SRV: Article on Activities, Significance of Foreign NGO's

BK2908124796 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 22 Aug 96

[Article by Thuy Trang: "NonGovernmental Organizations' Activities in Vietnam," published in recent TUAN BAO QUOC TE (International Weekly); date not given]

[FBIS Translated Text] It is estimated that there are tens of thousands of nongovernmental organizations [NGO] in the world, yet only a few thousand of them can provide financial assistance. Significant portions of these NGO's budgets come from the financial assistance of developed industrial nations such as the United States, Japan, and countries in Western and Northern Europe. In addition, these NGO's also receive financial support from various religious organizations. As a result, it can be said that, at present, except for a small number of independent NGO's, most are under the influence of the governments or organizations that support them.

What are the activities of these NGO's in Vietnam? During the 1976-78 period, there were 70 NGO's operating in Vietnam. They helped Vietnam overcome consequences of the war through humanitarian aid in the form of medicine, foodstuff, and [word indistinct] worth about $30 million annually. However, after the crisis in Cambodia, the NGO aid dropped to approximately $15 million a year, especially during the 1979-85 period. The form of NGO assistance to Vietnam after 1985 has changed fundamentally, shifting from humanitarian aid to development aid through various development assistance projects. The volume and value of these assistance projects have gradually increased. As of 1993, about 320 foreign NGO's had made contact with Vietnam, providing aid worth $50-70 million. Since the implementation of the open-door policy to attract foreign capital to serve the cause of national industrialization and modernization, NGO aid has become part and parcel of the official development aid [ODA] and a source of foreign direct investment [FDI].

At the conference on tasks and organization of the NGO's held in Ho Chi Minh City on 13 August 1996, Mr. Le Xuan Trinh, minister and director of the Government Office and chairman of the committee for NGO affairs, stressed that in comparison to financial resources from ODA and FDI, the NGO aid has helped us to obtain $500-650 million. Nevertheless, due to the prompt and concrete response of the NGO aid, which fits in with the management capability of units and localities in Vietnam, this aid has been highly valued and will continue to serve as an important financial resource for the various socioeconomic development programs of a number of sectors, localities, and units.

Although progress has recently been made in the management of NGO's — especially since the issuance of the Prime Minister's Decision No. 80-CP dated 28 March 1991 — a number of issues have been arising, especially when various central and local agencies proved unable to control and get a firm grasp on the management situation of NGO's affiliated with their units. A recent evaluation by the Ministry of Finance's committee for management and reception of international and NGO aid revealed that the state can monitor and manage only one-third of the total aid, while the rest — mostly in foreign currencies — has been forwarded directly to the recipients by the donor organizations. This has resulted in a lack of essential guidance for ensuring that this aid is used effectively.

Generally speaking, management and use of this aid by the organizations concerned are very loose, and do not comply with the regulations set by state management agencies. The main causes, according to specialists, are shortcomings in coordination between state general agencies and between central and local organizations, and the lack of a legal establishment capable of reviewing and adjusting NGO activities in Vietnam. As a result, during the past several years, various Vietnamese sectors and localities still did not clearly understand their foreign NGO partners, while the latter have a profound understanding of their Vietnamese partners. In fact, relations with foreign NGO's is a new and complicated issue for Vietnam — especially when we have a small number of cadres specialized in NGO activities.

At the present stage, while our financial capability is limited and requirements are huge, efforts to obtain assistance from NGO's are extremely essential for Vietnam. Recently, the Prime Minister signed Decision No. 340-TTG promulgating regulations on the activities of NGO's in Vietnam. The regulations focused on reviewing and controlling the granting of licenses for NGO's operating in Vietnam. Under the regulations, various NGO's must register with the Vietnamese Government and shall be given one of three types of licenses to operate in Vietnam. The first type is the 6-12 month operational license for new NGO's that want to survey projects in Vietnam. The second type is the two-year license for NGO's that want to open (?temporary) offices. The third is the three-year license for NGO's that want to open representational offices in Hanoi.

The management of the financial resources of these NGO's will be carried out in accordance with the functions of each type. Projects of under $50,000 will be decided on by a minister or the people's committee chairman of the province or municipality directly subordinate to the central government. Projects of between $50,000 and $200,000 must be approved by the Finance Ministry. Projects of over $200,000 shall be approved by the prime minister after seeking approval from the Ministry of Finance, the Ministry of Planning and Investment, and the Vietnam Friendship Organizations Union.

According to statistics, about 180 NGO's have applied for licenses to operate in Vietnam. As a result, the abovementioned regulations are an important document for coordinating and improving activities of the NGO's in Vietnam.

SRV: Government Conducts Monthly Meeting

BK3008085496 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 28 Aug 96

[FBIS Translated Text] During 27-28 August in Hanoi, the government held its monthly meeting under the chairmanship of the prime minister. The government listened to: Deputy chairman of the Government Organization and Personnel Commission, Mr. Ngo Tu Ha, who reported on main features of the training and retraining plans for cadres and state employees; and director general of Cadastral General Department, Mr. Ton Gia Huyen reported on the national land use masterplan till the year 2010.

The government was of the opinion that in past years the organization of our state apparatus has contributed actively to the great achievements of renovation. In the new period, however, new demands of comprehensive renovation, especially in economic field, requires the administration to rectify its many deficiencies. One of the main reasons of these deficiencies is the inadequacy in competence and knowledge of cadres. In order to successfully implement the party's policy on renovation, therefore, our duty in the present period is to pay more attention to training and retraining working cadres. The government has assigned the Government Organization and Personnel Commission to be the core agency in the role of regulating state management in training and retraining for cadres and public service employees. The commission will be responsible for several major duties, namely proposing necessary policies and assisting the government to issue regulations and decisions that organize, guide, control, and inspect ministries, sectors, and localities in implement training and retraining programs for cadres and public service employees; and to coordinate with the ministries of Education and Training, Planning and Investment, Finance, and Ho Chi Minh National Politics Institute, and National Administration Institute to establish training programs, curriculum, and objectives for cadres and public service employees.

Regarding the plan for land use, the government agreed that the land use is a decisive factor for success or failure of economic development in both the immediate and long-term future. To use land most effectively, the state should have logical and scientific plans. The national land use plan for the next 30 years will reflect the principles that over half of the territory will be covered by greenery for the sake of healthy environment and stable ecology system; one third of natural land will be used in agricultural production to respond to the demands for food security for the people; the remaining area will be used for industry, service, cultural and social, national defense and security, and residential purposes. About 1.7 million hectares of river, creeks, and bare rocky mountains will remain in a completely natural state.

The government also spent considerable time listening to the minister for Agriculture and Rural Development, Mr. Nguyen Cong Tan, and chairman of Central Typhoon and Flood Control Committee, Mr. Nguyen Canh Dinh, who reported on damage and preliminary measures to rectify them after the occurrence of serious natural disasters beginning with storm No. 2 [Frankie]. The government came to the assessment that the storm No. 2, the depression, and the storm No. 4 all took place within one month, causing serious downpours that in turn raised sea water and tidal levels much higher than normal, threatening many localities and causing serious losses in many provinces including Thanh Hoa and other northern provinces. Thanks to the timely response by all sectors and echelons and the peoples' and the armed forces' high sense of vigilance against storms and floods, we have effectively limited grave consequences of these natural disasters. The efforts to maintain major dikes during most critical periods are highly praiseworthy.

In order to respond to the high demand for antinatural disaster work, however, we still have many urgent things to do. The quality of the dikes needs to be heightened, more modern techniques in dike protection and flood prevention should be employed, weather forecasting work should be upgraded, the weather alarm system should be refined, and responsibility of all agencies concerned should be expanded. Serious criticism should be given to indications of negligence and deficiencies in the latest fight with natural disasters.

Continuing the rectification of damages and losses caused by natural disasters, the government requests all sectors and all echelons as well as localities to guide the local people in restoring normal life and production activity, repairing water conservancy infrastructure projects, and stepping up material help in the spirit of wholesome leaves should cover torn ones. Preventive medical measures to check infectious diseases should be done actively.

On the government part, the prime minister has ordered ministries, sectors, and localities concerned to ensure adequate budgets for the repair and consolidation of the dikes, roads, railways, and powerline system; for material assistance to families hit by natural disasters; and for upgrading equipment for typhoon, flood control, and rescue facilities.

The government also reminded that the water level of rivers in the north are still high, the dikes have been inundated by water for a long time, and there might be more typhoons and floods. Provinces in the central region and the south are now facing the high point of the raining and storm season. All sectors and echelons as well as localities, therefore, should strive to maintain high level of typhoon and flood control efforts this year, so that they can use their experience in the coming years.

Also in this meetings' session, Minister of Government Head Office Le Xuan Trinh reported on opinions of cabinet members on the draft ordinances on borderguard troops and on intelligence activity, which would later be submitted to the National Assembly Standing Committee.

SRV: Radio, TV Coverage in Highlands To Expand

BK2908102496 Hanoi VNA in English
0733 GMT 29 Aug 96

[FBIS Transcribed Text] Hanoi VNA Aug 29 — Vietnam is striving for 90 percent of the local population in Southwestern and Central Highlands provinces to regularly listen to the radio and 80 percent to watch television by the year 2000. The above targets were set at a workshop held on August 27-28 in Nha Trang city, Khanh Hoa Province.

The workshop focussed on programmes for radio and TV broadcasting expansion to reach southwestern coastal provinces from Quang Nam-Danang to Binh Thuan and Central Highlands provinces, and outlined solutions to effectively apply these programmes in these localities. Measures to modernize radio and TV broadcasting networks in the above provinces through technological renovation and management and personnel training, and investment mobilisation were also discussed at the event. The participants also highlighted efforts made by the provinces in the past to build relay stations and to ensure that nearly the entire population can listen to the radio.

Australia

Australia: Rundle Rejects Greens Plan To Stop U.S. Warship Visit

BK3008041596 (Internet) Australian Broadcasting Corporation Online WWW in English 2068 GMT 29 Aug 96

[FBIS Transcribed Text] Tasmania's Premier, Tony Rundle has rejected moves by the Greens to stop a United States warship visiting Hobart.

The aircraft carrier Carl Vinson is due to arrive next month, but Green M-P Mike Foley is set to introduce legislation which would make it impossible for the ship to enter port.

The legislation would ban nuclear powered or armed ships from berthing, being re-supplied, having access to tugs or using wharf services.

Australia: Howard Comments on Economics Needs of South Pacific Forum

BK3008055396 Hong Kong AFP in English 0529 GMT 30 Aug 96

[FBIS Transcribed Text] SYDNEY, Aug 30 (AFP) — Australian Prime Minister John Howard on Friday cautioned Pacific nations in financial crisis that their long-term economic well-being depends on sustainable harvesting of their natural resources.

On the eve of a visit to the Marshall Islands for the 27th South Pacific Forum — his first overseas trip as prime minister — Howard said he hoped the forum would find practical ways of building on their previous commitments to economic reforms.

"If we are going to ensure the region's economic well being for the longer term, our natural reources — especially our fisheries and forests — need to be harvested in a way which safeguards the interests of future generations," Howard said.

His statement followed a warning by forum secretary general Ieremia Tabai earlier Friday that critical economic pressures are threatening development and living standards in many of the island member states.

Tabai said economic performance in the region remained "generally poor" while the world economic environment continued to change rapidly and real levels of external assistance continued to stagnate or fall.

He told the 16-member forum's opening session it was critical that the officials' committee focus more closely on economic issues and particularly on the advice it will give leaders on how to push ahead with economic reform.

It is known that many if not most of the South Pacific island nations are in some degree of economic hardship.

Some, such as Papua New Guinea, Vanuatu and the Solomon Islands have been harshly criticised over their economic management, corruption and squandering of natural resources such as forests or fishing rights by cheaply selling them off to Asian companies.

Some politicians have also been accused of pocketing petty bribes to allow timber companies to clear-fell their forests.

The previous Australian government warned a year ago that Australian aid would henceforth only go to those countries whose policies reflect "a serious and responsible approach to economic development and resource management."

The then Pacific Island Affairs Minister Gordon Bilney said none should be surprised to find Australia less and less willing to assist those who were squandering their resources.

Howard picked up the theme Friday, saying his government was conscious that the region looked to Australia for leadership and support which it would provide both.

But he added that the previous forum chaired by Papua New Guinea Prime Minister Sir Julius Chan had enunciated some important economic reform objectives.

"I hope that we can find some practical ways of building on those," he said.

But he said in his government first budget last week it had maintained assistance to the South Pacific at close to that of the previous year to June 1996.

Aid to the Pacific was 132.6 million Australian dollars (103 million U.S.) in the year to June 1996 and is estimated at 129.1 million dollars in the current financial year to June 1997.

The forum groups Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Solomons, Tonga, Tuvalu, Vanuatu and Western Samoa.

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